

Management RECORD

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- Union Membership and Revenue
- Alcoholism and Management Attitudes
- Restricting Inventions after Employment Ends
- Clerical Salary Structures in Eighteen Cities



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December, 1957

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Vol. XIX, No. 12

• In the Record •

Union Membership and Revenue—1957 vs. 1955

How will the expulsion of the Teamsters from the AFL-CIO affect the revenue and membership of the federation? And how much money does the Teamsters' union collect from its members and locals in the form of dues and per capita taxes?

On the basis of reports submitted to THE CONFERENCE BOARD, the Teamsters claim the largest membership of any union in the United States—1,368,082. However, as the article starting on the next page points out, it is difficult to get exact figures on most unions' membership and revenue from dues. Per capita tax revenue, on the other hand, can be more readily estimated. The Teamsters report a total income from per capita taxes of about \$6.5 million, some of which money in turn has been passed on to the AFL-CIO. This revenue will now be lost to the federation.

"Union Membership and Revenue—1957 vs. 1955" discusses the finances and membership of 191 unions (which cover about 98% of the country's total membership). 1957 figures are compared with 1955—just before the merger of the AFL and the CIO.

• • •

Restricting Inventions after Employment Ends

It almost goes without saying that any company wants to do all it can to protect its investment in its inventor employees. And in many cases, in order to do this, the employment agreement turning all patentable ideas and inventions over to the company must extend beyond termination of employment. Perhaps ideally, from the company's point of view, this extension should be "forever." But obviously the rights of the individual must also be considered; no person's brain can be mortgaged forever.

How, then, can the needs of both parties be balanced? What is a "reasonable" period of time after employment ends for the company to "hold" its former employee?

Not surprisingly, the courts have had considerable to say about this over the years. And to throw some light on this complicated subject, many of their findings are cited in the survey of patent agreements, starting on page 424.

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Alcoholism and Management Attitudes

A great deal of attention has been directed in recent years toward alcoholism as a social and medical problem. But how does the prevalence of excessive drinking affect business and industry? Is alcoholism a serious problem for the average firm, or is it rarely encountered?

A recent Conference Board survey of 106 company executives revealed that most of them do not consider alcoholism

a serious problem in their firms. Only seven thought that 3% or more of their employees drink excessively. Yet it has been estimated by the Yale Center of Alcohol Studies that of the 4 million alcoholics in this country, about half are employed by industry, or approximately 3% of an average company's work force.

If alcoholism is a more serious problem than most company executives realize, what can they do about it? Should they diligently ferret out all excessive drinkers and fire them? Or should they just ignore the problem and let it remain largely hidden? Or should they try to help the alcoholic individual? As the article starting on page 418 points out, the executive's answer to such questions will depend largely on his attitude toward the entire problem of excessive drinking. To find out what these attitudes are, turn to "Alcoholism and Management Attitudes."

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Clerical Salary Structures

In a period of constantly rising salary levels, the important problem of salary structure is often overlooked. Yet rising salaries point up the fact that employees may be dissatisfied if they feel their level of earnings is too low. They may also be dissatisfied if they believe that salaries paid for various jobs are not related properly to the relative importance of the jobs.

One of the helpful tools in setting up an equitable salary structure is information on going rates. To fill this need, rates for eight bench-mark jobs in eighteen cities have been surveyed, with the median salary and the middle 50% salary range both charted for each of the eighteen cities. This article starts on page 428.

• • •

What Happened in Four Cities

How have prices trended in New York, Chicago, Houston and Los Angeles since 1953, compared to the United States all-items index? In this case, Chicago is the maverick, showing price movements unlike the other three cities and unlike the U.S. average. But perhaps it should be noted here that only the movement of the price indexes can be compared; actual price levels are not involved. So the 7.9% rise in prices in Chicago and the 5.1% rise in Los Angeles does *not* mean that prices are actually higher in Chicago than in the West Coast city. It just means they've moved up more from their 1953 level.

How price movements in the four cities have fared and some of the factors precipitating specific rises are considered in the second half of the regular monthly article on consumer prices. See page 443.

Union Membership and Revenue— 1957 vs. 1955

IN 1955, when the merged labor federation was still “on paper,” THE CONFERENCE BOARD surveyed 194 national and international unions with headquarters in the United States for their membership figures and the revenue provisions in their constitutions.¹ Now, in 1957, with the AFL-CIO functioning for almost two years, the Board has again surveyed these same unions to learn what changes may have occurred in their membership figures and in their revenue from dues and per capita taxes.

Not surprisingly, in the intervening two years, a number of union mergers, as well as the dissolution of several unions, have taken place. One of the results is that the new survey does not include nine unions covered in the earlier survey.² On the other hand, six unions that were not included in the 1955 survey are covered now.³

With the dropping of nine unions and the addition of six others, the total number of unions in the 1957 survey is 191.

UNION MEMBERSHIP

In 1957, the declared membership of 191 national and international unions with headquarters in the United States totals 18,363,692. This compares with a declared membership of 17,513,798 for practically the same unions in 1955. Of the 18.4 million members, approximately 17.4 million are in the United States; and this constitutes about 98% of the country's total national and international union membership. Close

¹ See “Handbook of Union Government, Structure and Procedures,” *Studies in Personnel Policy*, No. 150, pp. 29ff.

² These unions and the reasons for their being dropped are: Chorus Equity—merged into Actors' Equity Association; Barbers & Beauty Culturists, formerly CIO—merged with Journeymen Barbers, formerly AFL; Cleaning & Dye House Workers—merged with Laundry Workers; Diamond Workers—merged with Jewelry Workers; International Guards Union (ind.)—presumed abandoned, as attempts to communicate by letter and by telephone at last known address were unsuccessful; Paper Makers, formerly AFL, and Paperworkers, formerly CIO—merged to form a new union, United Papermakers and Paperworkers; Paving Cutters—merged with Stone Cutters; Telephone Workers of New Jersey (ind.)—merged with International Brotherhood of Electrical Workers.

³ These unions are: Papermakers and Paperworkers (new union formed through merger described in footnote 2) AFL-CIO; Screen Extras, (branch of the Associated Actors & Artistes) AFL-CIO; Variety Artists, (branch of the Associated Actors & Artistes) AFL-CIO; Cement, Lime and Gypsum Workers, AFL-CIO; Glass Bottle Blowers, AFL-CIO; Marine Cooks and Stewards (affiliate of Seafarers International Union), AFL-CIO.

1957 Revenue Provisions Available on Request

The basic revenue provisions of each of the 191 unions covered in this analysis are available to Associates on request. These show the number of members, the initiation fee, the dues, the per capita tax and total per capita revenue of each of the 141 AFL-CIO and fifty independent unions. Associates may secure a copy of this special analysis of the 1957 revenue provisions of each of the 191 unions by writing THE CONFERENCE BOARD.

to one million members of unions with headquarters in the United States are in Canada, where they comprise about 75% of that country's total union membership.¹

Of the 18,363,692 over-all membership, 1,339,137 are in independent unions and 17,024,555 are in AFL-CIO unions. This AFL-CIO membership figure differs from the 14,438,925 members indicated by the per capita dues payments of \$8,663,355.43 that was reported to the AFL-CIO convention held December 5, 1957. But it must be remembered that the AFL-CIO convention figures reflect per capita payments for United States members only. For Canadian members, which total 829,944, most of the per capita is paid to the Canadian Labour Congress. Also in the AFL-CIO, per capita is not paid on full membership. Unions generally forgive dues payments and union per capita taxes for workers who are unemployed, on strike, in service or retired. In addition, some unions do not pay per capita on what the AFL-CIO considers the union's full membership, and this has been a bone of contention between AFL-CIO Secretary-Treasurer William F. Schnitzler and the unions involved.

Membership Gains

Forty-nine unions have made gains of two thousand or more members for a total increase of close to a million members. The AFL-CIO Machinists with 98,206

¹ A total of 947,498 Canadian union members belong to international unions with headquarters in the United States, according to the Canadian Department of Labour. They make up approximately 75% of Canada's total union membership of 1,351,652. See “Labour Organization in Canada,” 1956 Edition, Forty-fifth Annual Report, Department of Labour, Canada.

additional members had one of the largest hikes. However, a considerable portion of this increase reflects the Machinist union's absorption of United Electrical Worker (UE) districts and locals in Indiana, Kentucky, Michigan, New York and Ohio.

In the International Brotherhood of Electrical Workers (IBEW, AFL-CIO), the increase of 75,000 members reflects absorption of a number of formerly independent telephone unions. An example is the independent Telephone Workers Union of New Jersey

Table 1: Unions with Membership Increases of 2,000 or More During 1955-1957 Period

Union*	1955 Membership	1957 Membership	Increase
Screen Actors	8,000	10,600	2,600
Air Line Pilots	9,500	12,800	3,500
Bookbinders	54,000	58,600	4,600
Brewery Workers	62,000	65,000	3,000
Brick & Clay Workers	23,000	25,000	2,000
Bricklayers	100,000	154,445	54,445
Building Service Workers	205,000	235,000	30,000
Carpenters	750,000	850,000	100,000
Distillery & Rectifying Workers	25,000	32,000	7,000
Electrical Workers (IUE)	317,655	364,870	47,215
Electrical Workers (IBEW)	625,000	700,000	75,000
Operating Engineers	187,180	200,000	12,820
Fire Fighters	84,000	86,000	2,000
ILGWU	439,277	450,802	11,525
Glass Workers	47,150	57,000	9,850
Government Employees	60,000	65,000	5,000
Grain Millers	35,000	41,000	6,000
Plant Guards (ind.)	7,000	12,000	5,000
Hotel & Restaurant Workers	413,446	441,000	27,554
Jewelry Workers	17,136	21,150	4,014
Letter Carriers	103,000	109,000	6,000
Lithographers	29,350	32,860	3,510
Machinists	848,794	947,000	98,206
Meat Cutters	250,000	260,000	10,000
Musicians	248,109	259,461	11,352
Newspaper Guild	27,000	30,000	3,000
Oil, Chemical & Atomic Workers	162,000	182,200	20,200
Painters	208,189	218,000	9,811
Papermakers & Paperworkers ²	124,000	140,000	16,000
Pulp, Sulphite Workers	148,853	165,768	16,915
Plasterers	60,000	68,000	8,000
Plumbers	201,343	247,441	46,098
P.O. Craftsmen (ind.)	38,000	40,000	2,000
Printing Pressmen	98,000	106,000	8,000
Railroad Trainmen	207,439	216,735	9,296
Retail Clerks	250,000	300,000	50,000
Retail, Wholesale Workers	140,000	150,000	10,000
Roofers	13,000	20,000	7,000
Rubber Workers	185,988	190,000	4,012
Seafarers	70,000	80,000	10,000
Sheet Metal Workers	32,000	75,000	43,000
Stage Employees	42,000	50,100	8,100
State, County & Municipal Employees	100,000	170,000	70,000
Switchmen's Union	10,100	15,000	4,900
Teachers	50,000	52,000	2,000
Teamsters	1,300,000	1,368,082	68,082
Doll and Toy Workers	10,000	17,000	7,000
Transport Workers	110,000	135,000	25,000
Typographical Union	97,741	101,714	3,973

*All unions are affiliated with the AFL-CIO unless otherwise indicated.
¹ Formed by merger of two unions: the former AFL Paper Makers (50,000) and the Paperworkers (74,000 members in 1955).

which claimed 6,750 members in 1955 and which has since affiliated with the IBEW.

Other unions that show large membership gains are the AFL-CIO Carpenters, Bricklayers, Electrical Workers (IUE), Hotel and Restaurant Workers, Plumbers, Retail Clerks, Sheet Metal Workers, and Teamsters. Table 1 shows the 1955 and the 1957 figures and the membership gain for each of the forty-nine unions whose membership increased more than 2,000.

Membership Losses

Eighteen unions had membership losses of two thousand or more. These losses total 250,832 members and were particularly heavy among some of the railroad unions. The Railway Clerks lost 27,252 members, the Locomotive Engineers lost 6,187, and the Maintenance of Way Employees lost 15,000 members. Decreases in membership also occurred in the maritime field among the Marine and Shipbuilding Workers, the Marine Engineers, and the National Maritime Union. In the textile field, the Textile Workers (formerly CIO) showed a 76,970 loss and the Hosiery Workers a 10,000 loss. These figures indicate the shift of the textile industry to the South, as well as the failure of the unions' southern organizing drives.

If They're Out

What happens to the federation's membership figure and its revenue with the expulsion of five unions¹ at its December convention this year? According to the AFL-CIO, these five unions have accounted for slightly more than 10% of its per capita revenue and about 1.7 million of its total membership. This is based on the federation's financial statement covering the period of July 1, 1956 - June 30, 1957, which indicates a membership of 14,438,925. Subtracting the 1.7 million members from this figure gives an AFL-CIO *per capita* of 12.7 million. (However, as pointed out in the accompanying article, the AFL-CIO does not receive per capita taxes for all the members claimed by the AFL-CIO affiliates.)

The largest of the expelled unions is the Teamsters, which claimed 1,368,082 members in its 1957 report to THE CONFERENCE BOARD. (A week before the Teamster suspension, lame-duck Teamster President Dave Beck claimed 1,473,566 members. But labor observers regard this as a highly inflated figure issued for publicity purposes.) The other expelled unions are: the Bakers with 172,000 members, the Laundry Workers with 100,000 members, the Distillery Workers with 32,000 members and the Textile Workers (UTW) with 100,000. Subtracting the total declared membership of these four unions—which comes to 1,772,082—from the 17,024,555 members claimed by AFL-CIO affiliates results in a membership figure of 15,252,473.

¹ At press time, it is unclear whether all five unions will actually be expelled. The Textile Workers have apparently complied with the AFL-CIO's clean-up order and will remain within the federation.

Declared Membership of Fifteen Largest Unions in the United States, 1957

AFL-CIO affiliates unless otherwise specified

TEAMSTERS
(SUSPENDED BY
AFL-CIO)

1,368,082

AUTOMOBILE
WORKERS

1,320,513 ▲

STEELWORKERS

1,250,000

MACHINISTS

947,000

CARPENTERS

850,000

ELECTRICAL
WORKERS
(IBEW)

700,000

MINE WORKERS
(IND.)

600,000

LADIES'
GARMENT
WORKERS

450,802

HOTEL &
RESTAURANT
WORKERS

441,000

HOD CARRIERS
& COMMON
LABORERS

386,000

CLOTHING
WORKERS

385,000

ELECTRICAL
WORKERS
(IUE.)

364,870

RAILWAY CLERKS

329,288

RETAIL CLERKS

300,000

TEXTILE
WORKERS

285,000

DECLARED
MEMBERSHIP
U.S. & CANADA
17,024,555

U.S. MEMBERSHIP
BASED ON
PER CAPITA
TAX PAYMENTS
14,438,925

INDEPENDENT
NATIONAL &
INTERNATIONAL
UNIONS
1,339,137

AFL-CIO
MEMBERSHIP

▲The UAW also reports 65,000 retired members, which makes a total of 1,385,513 members.

The United Automobile Workers reported 1,418,117 members to THE CONFERENCE BOARD in 1955. In 1957, they reported 1,320,513 members plus 65,000 retired members for a total of 1,385,513 members—a loss of 32,604 for the 1955-1957 period. Table 2 shows the losses of the eighteen unions whose membership decreased 2,000 or more from 1955 to 1957.

UNION DUES

Union revenue comes principally from the regular dues that a member pays his local union and, to a lesser extent, from initiation fees. In practically every

Table 2: Unions with Membership Decreases of 2,000 or More During 1955-1957 Period

Union*	1955 Membership	1957 Membership	Decrease
Actors Equity ¹	11,195	8,332	2,863
Auto Workers	1,418,117	1,320,513 ²	92,604
Chemical Workers	91,001	85,500	5,501
Federal Employees (ind.) ...	100,000	90,000	10,000
Firemen & Oilers	60,000	50,000	10,000
Hosiery Workers	30,000	20,000	10,000
Industrial Workers of World (ind.)	9,750	2,500	7,250
Locomotive Engineers (ind.)	77,197	71,010	6,187
Maintenance of Way Employees	240,000	225,000	15,000
Marine Engineers	12,000	8,000	4,000
Marine & Shipbuilding	55,000	40,000	15,000
		to	to
National Maritime Union ...	43,500	40,000	3,500
Railway Clerks	356,540	329,288	27,252
Federation of Salaried Unions (ind.)	35,000	33,000	2,000
State, City & Town Employees (ind.)	14,000	10,000	4,000
Street, Elec. Railway	200,000	175,000	25,000
Telegraphers	33,705	30,000	3,705
Textile Workers (formerly CIO)	361,970	285,000	76,970

*All unions are affiliated with the AFL-CIO unless otherwise indicated.

¹The 11,195 is the combined membership in 1955 for Actors Equity (6,695) and Chorus Equity (4,500). These unions have merged.

²The Auto Workers' 1957 figure does not include 65,000 retired members that were included in the 1955 figure.

Table 3: Dues Receipts for 108 Unions Based on Minimum or Set Dues Specified in the Union's Constitution¹

	No. of Unions	Declared Membership	Indicated Average Minimum Monthly Dues Payment per Member	Average Yearly Dues Payment per Member	Possible Yearly Income	Per Cent of Total Income
Total unions	108	13,455,180	\$2.81	\$33.74	\$453,987,405	100.0
AFL-CIO	84	12,435,008	2.77	33.28	413,855,205	91.2
Ind. ²	24	1,020,172	3.28	39.34	40,132,200	8.8

¹This group of 108 unions is composed of twenty-nine unions that set a definite amount of dues to be paid by all members; twenty-three that set minimum and maximum dues, and fifty-six that set a minimum but no maximum. In those cases where a "set" dues figure could be raised by approval of a higher authority, this figure was considered a minimum figure. The minimum or set rate was used to calculate total dues income per year. All unions that failed to supply a membership figure when queried have been omitted, since without a membership figure it is impossible to calculate total dues receipts.

²Largest union in this group is the United Mine Workers with 600,000 claimed membership and \$4.25 minimum dues.

case, the amount the worker pays as dues is divided between his local union and the parent international. The international generally levies a per capita tax on each member on the local union's rolls. The local then subtracts the amount of the per capita tax from its dues receipts and forwards this money to the international, usually at monthly or quarterly intervals.

How much money in dues do unions collect from their members?

No exact answer can be given to this question, as the constitutions of many international unions allow the locals considerable latitude in determining the amount they may collect. In fact, the national officers of many unions are at a loss to give exact figures on the total amount collected by their locals. About the only unions that do have exact figures are those in which the international collects the dues and then refunds the local unions' share. The United Mine Workers and the United Steelworkers, which John L. Lewis helped set up, are both examples of such unions.

In spite of this limitation, some estimate of union revenue can be secured by multiplying the dues rate by the membership figure. Of the 191 unions surveyed by THE CONFERENCE BOARD, 108 either specify a definite amount to be paid as dues by all members or set a minimum amount that local unions may charge. The indicated minimal dues receipts of these 108 unions with a 13,455,180 declared membership is \$453,987,405. This indicates an average yearly *minimum* amount of \$33.74 per member or \$2.81 per member per month. (See Table 3.)

Using this amount as an over-all average, and multiplying by the 18,363,692 declared membership figure of the 191 unions gives \$619,590,968.08 as the minimum amount of dues collected each year if all members claimed by the unions pay the dues required of them.

However, this figure of approximately \$620 million should be examined with care. As already stated, it may be a minimal figure because it is based on data from twenty-nine unions that set a definite amount of dues to be paid by all members, twenty-three that set minimum and maximum amounts and fifty-six that set only a minimum but no maximum. In the last two groups, the minimum rate was used to calculate the total dues per year for each of these unions. Thus, to a large extent, the \$2.81 monthly

(Continued on page 438)

Alcoholism and Management Attitudes

Is it a company's responsibility to help employees who drink to excess? Does it pay in dollars and cents? These are two of the questions explored in this survey

ALCOHOLISM has been described as the fourth most serious public health problem in the United States.¹ Few persons quarrel with the estimated numbers of social drinkers (70 million) and problem drinkers (4 million) in the adult population of this country. Yet most individuals probably know only a few alcoholics, and most groups tend to minimize the seriousness of the drinking habits of their members. The problem drinker is able to keep out of public sight much of the time, and his family and friends shield him whenever possible. Alcoholism and icebergs have one characteristic in common: nine-tenths of each is usually well concealed.²

The relation of alcoholism to the operation of a business enterprise hardly needs elaboration. Of the 4 million alcoholics in the United States, nearly half are employed in business and industry.³ Alcoholics sweep floors, operate fast-moving machines, sell, supervise the work of others, keep books, and serve as high-ranking company officers. When sober, they are assets to their organizations. When intoxicated, they are anything but assets. Sometimes they are unable to report for work. Sometimes they become involved in accidents. Sometimes they make wrong decisions. Sometimes they make serious trouble for others. It has been said that alcoholism gives business a billion-dollar hangover per year.

A typical problem drinker, all too familiar to most managements, may be described as follows: This man is forty years old. He has been with his company twenty years. For the past twelve years he has been drinking to excess. As a result his work has been suffering. His friends, who stood by him and covered up for him at the beginning, have left him one by one. His supervisor has finally lost patience and has recommended that the man be discharged. What does management do at this point?

The answer, obviously, depends upon how management regards the entire problem of alcoholism. Management may say: "This man is no good; we'll fire him." Or it may say: "This man was good once and may be good again. We have a lot invested in him.

Let's find out if he wants to be helped; and, if he does, let's see what we can do to get him back on his feet."

One hundred and six company executives recently gave THE CONFERENCE BOARD their views on the subject of alcoholism in American business. As might be expected they did not always agree in their replies to the questions submitted to them, but upon analyzing the results a pattern in their thinking became discernible. An expression of attitudes, rather than a collection of facts, was sought in the survey, and this objective was attained.

The Board directed its questions to company presidents. Thirty chief officers (presidents, chairmen, or executive vice-presidents) replied directly. In the remaining companies the questions were answered by other officers, by department heads, or by staff executives (usually personnel directors). Most of the companies reached were small or middle-sized companies. Companies engaged in the manufacture of alcoholic beverages and companies known to have programs of help for alcoholic employees were not contacted.

The presidents were asked: "If your company were to offer help to employees with drinking problems, would you regard this as an unwarranted invasion of the personal rights of your workers?" The answers are predominantly negative. Seventy-three companies answered "no" while only one gave an unequivocal "yes." Twenty-six replied "yes, to some extent at least."¹

NUMBER OF ALCOHOLICS

Although a company executive may feel he knows his people well, it usually is extremely difficult for him to come up with an accurate estimate of the number of alcoholics on the payroll. In the present survey, one respondent after another seemed to be saying: "We recognize that Americans do considerable drinking, but fortunately we have very few alcoholics in our organization." Some said they had none.

But if there are approximately 2 million alcoholics in American industry among the sixty million gainfully employed, it is evident there are about 3% in an

¹ Following, in order, cardio-vascular diseases, cancer, and arthritis.

² "Alcoholic," "problem drinker," or "serious drinker" are used loosely in this article to refer to an individual whose drinking habits have gotten out of control.

³ Figures estimated by the Yale Center of Alcohol Studies.

¹ Although 106 executives cooperated in this survey, the tabulations are based on the first 100 replies. The figures, thus, may be read either as "raw" numbers or as percentages. All 106 replies, however, were used for comments and other nonstatistical purposes. Eight Canadian companies participated in the survey.

verage company. When the presidents, however, were asked to estimate what per cent of their employees were problem drinkers, this picture emerged:

<u>Estimate</u>	<u>Number of Companies¹</u>
Over 5%.....	2
3% to 5%.....	5
1% to 2%.....	26
Less than 1%.....	64

¹The replies do not always total 100. In this instance, several of the companies did not make estimates. (Figures which do not total 100 cannot be read as per cents.)

A related question was directed to the presidents. It asked: "Do you feel you have an 'alcoholic problem' in your company?" Five possible answers were suggested. It will be noted that fewer than two-fifths of the respondents feel the problem is serious enough to cause worry.

<u>Answer</u>	<u>Number of Companies</u>
Yes, we have an "alcoholic problem" and it's serious enough to give us concern.....	4
Yes, but it's not very serious.....	32
If we have a problem at all, it's too small to worry about.....	47
No, I am quite certain we do not have this problem at all in our company.....	12
I have no way of knowing whether we have this problem or not.....	5

EFFECTS OF THE PROBLEM

Three questions were asked about the possible relationship of alcoholism to conduct and behavior. The questions and the replies follow.

Question: Do you feel absenteeism among your employees is aggravated by excessive drinking?

<u>Answer</u>	<u>Number of Companies</u>
Little or no connection between the two.....	21
Some aggravation, but not enough to give us concern	70
Considerable aggravation, enough to give us concern	7

Despite these answers, studies of attendance records of representative companies show that the alcoholic employee is absent about twenty-two working days per year, or about twice as often as the average employee.

Question: To the best of your knowledge, what has been the relation of alcoholism to lost-time accidents in your company during recent years?

<u>Answer</u>	<u>Number of Companies</u>
No relation, to the best of our knowledge.....	60
Probably some relation in a few cases.....	34
Undoubtedly a relation in a number of cases.....	4

While authorities are in disagreement on this matter, the consensus seems to be that the accident rate of alcoholics exceeds that of nonalcoholics. Certainly no company known to THE CONFERENCE BOARD per-

Three Important Developments

Several developments of the past quarter century have done much to change popular thinking on the subject of alcoholism. Three deserve special mention.

1. Alcoholics Anonymous, founded in May, 1935, is an organization of alcoholics and ex-alcoholics, now numbering some 200,000 members. A.A. has said to the world: "The alcoholic is a sick person, not a moral degenerate. He can be cured, no matter how long he has been drinking nor to what depths he has descended." And A.A. has proceeded to prove its point by helping to rehabilitate the lives of tens of thousands of men and women once regarded as hopeless inebriates by their physicians, as well as by their friends and relatives.

2. Yale University scientists began studies of alcohol's effect on the human body in the early 1930's. The original work, centering in the university's laboratory of applied physiology, has been supplemented by the contributions of psychiatrists, lawyers, sociologists, clergymen, economists, statisticians, and psychologists. In 1943 Yale opened its Center of Alcohol Studies. More than 2,000 students from the United States and twenty-two other countries have attended the month-long course offered by the center. The National Council on Alcoholism, local and state programs of rehabilitation, industrial programs, church groups, and other organizations have come into being or have been influenced by the work of the Yale Center and by A.A.

3. A third major development has been in the field of medicine and hospital administration. "Wonder" drugs have been developed that control drinking and greatly facilitate the institutional care of individuals suffering acute alcoholism. These drugs do not cure alcoholics, but they have proved to be valuable adjuncts in treatment. At the same time an increasing number of physicians, hospitals, and sanitariums are now showing interest in the alcoholic patient.

As a result of these influences the average man on the street today is apt to have a more enlightened and objective point of view on alcoholism than was held by his parents. He knows, for example, that most adults drink moderately. He regards alcoholism as an illness and the alcoholic as a person in need of help. He thinks of drinking as a matter for personal decision and not as evidence of moral degeneracy. He knows that there are some resources and agencies ready and equipped to help the alcoholic who wishes to be helped.

mits drinking on the job. It is a well-known fact that alcohol slows down the reflexes, interfering with the efficient performance of both mental and physical activities.

Question: One large company found that alcoholism was involved in 10% of all its disciplinary cases. What would be your confidential guess about the situation in your own company?

<u>Answer</u>	<u>Number of Companies</u>
Probably drinking plays about the same role in our disciplinary cases.....	12
Probably drinking is involved in less than 10% of our cases.....	85
Probably drinking is involved in more than 10% of our cases.....	2

Here, too, the companies seem inclined to believe that their experience is more favorable than the estimates of most authorities.

WOULD YOU REHIRE?

In response to the question: "Would you rehire a former employee who had been discharged because of alcoholism but who has since stopped drinking?" twenty-seven companies said "yes" and thirty-five said "we probably would." The remaining thirty-eight companies probably, or definitely, would not rehire.

The general manager of the Robesonia (Pennsylvania) plant of the Caron Spinning Company writes:

"The ex-alcoholic is given the same consideration as any other job applicant. Of our 250 employees, twenty-one have a drinking history. The important factor is the individual's attitude toward his job and a sincere indication that he has stopped drinking by association with Alcoholics Anonymous.

"We have learned from experience that the alcoholic is generally a good worker. I don't mean to state that he is a genius or better than anyone else, but he certainly is average or slightly above. Within a matter of hours we

are usually able to determine the man's sincerity. Our dis-appointments have been few when we have taken the time to evaluate his background and his attendance at A.A. meetings."

This manager goes on to point out the advantages of a community-wide approach. "Nothing less can finally solve the problem of alcoholism. It isn't a job that one company can do alone. You need all the companies' cooperation. And you need to mobilize the resources of your town—your doctors, the hospitals, your social agencies, and so on. Then the job can be done. A few communities already are showing the way."

Reactions were requested to the following statement of a hypothetical Company X: "We select our people very carefully. If we find later on that an alcoholic has slipped in, we dismiss him promptly. Thus we have no alcoholic problem in our organization."

Four statements followed and the presidents were asked to check those with which they agreed. The numbers in parentheses show that only the final statement received a majority vote.

Statement 1: I'd say the practice of Company X in dealing with alcoholics is quite common in American business today. (41)

Statement 2: Company X is simply passing the problem on to other companies. (40)

Statement 3: Company X is still paying (in taxes, etc.) for the care of alcoholics in its community and in the nation. (26)

COMMENTS BY EXECUTIVES

What Causes Excessive Drinking?

Alcoholism is unquestionably only a symptom. The causes are many and varied. Attempts at solutions would be tremendously complex.—*President*

Early Identification Important

The real problem is how to spot the cases before they become serious and difficult to deal with.—*Personnel Manager*

Social Drinker Cited

Our problem is not so much with the "problem drinker" as you have defined him as with the immoderate social drinker.—*President*

Two Failures Reported

Everyone has to have his fling at trying to rehabilitate some trusted employee who has gone wrong. I have had two flings—have failed miserably both times—and shall not try again. It costs the company too much while the experiments are in progress.—*President*

Importance of Company Policy

Alcoholism can be the result of company philosophy

or policy in purely business areas, as well as of personal problems. To deal successfully with this disease, the company should be willing to undertake some self-criticism.—*Vice-president and General Manager*

How Companies Can Help Most

In my professional background and experience, I have worked in areas having to do with the problems of alcoholism in regard to the individual, the family, and the community. I believe individual companies have neither the time nor the personnel to adequately solve or work with the problem, and that American business can best help by financial support, understanding, and the offer of vocational rehabilitation facilities and work through the qualified community agency in the home community.—*Industrial Relations Manager*

Frustrations May Be Present

We believe that a substantial amount of alcoholism in industry today results from a feeling of frustration on the part of individuals, and that such frustration is the result of mishandling and unsatisfactory management attitudes and controls.—*President*

Statement 4: If all companies followed Company X's example, little progress would be made in dealing with alcoholics. (58)

This was the only item in the questionnaire where more than one answer could be checked. It is quite possible that a number of the respondents misunderstood the directions, thinking that only a single check was desired. At any rate, only a few did check more than one of the four statements, and only one company checked all four.

Only six of the companies surveyed report that they have sent representatives to seminars or courses on alcoholism offered by such universities as Yale, Cornell, and Washington State. But twenty-two indicate that they "might" or "probably would" be interested in participating in similar meetings in the future.

LEVEL OF ACTIVITY

What are the surveyed companies doing *now* with their problem drinkers? It was thought important to get at least a general, over-all picture of current activity and then to contrast it with what might develop later on. To assess present programs, the following statement was prepared:

It is assumed that almost all companies do *something* about the problem of alcoholism. Three levels of activity are noted below. Please check the one that comes nearest to describing your company's present position.

The first level can hardly be described as an activity or program. The second might be characterized as a *beginning effort*, and the third as a *genuine program* of help. The numbers in parentheses show that a large majority of the surveyed companies checked the second level.¹

1st level: The problem drinker is warned once or twice. If his drinking persists, he is discharged. No remedial work is attempted. (20)

2nd level: Company makes some effort to help the problem drinker, especially if he is a valued, long-service employee. Nothing is announced about this activity. Everything is done quietly and on a confidential basis. (70)

3rd level: Company informs all its workers that it stands ready to help them if they have drinking problems. Alcoholism is regarded about the same as other illnesses. If the employee sincerely wishes assistance, the company will do all that it can to help him get back on his feet. (7)

Only four companies report any unfavorable experience with Alcoholics Anonymous. The question asked and a tabulation of the replies received are shown below:

Question: What experience has your company had with Alcoholics Anonymous?

¹ Only three companies did not check this item. It is interesting to note that a number checked the second-level statement although reporting elsewhere that the problem of alcoholism did not exist in their organizations.

Reply

Number of Companies

We don't know of any of our people who have gone to A.A.....	24
Quite favorable experience.....	35
Somewhat favorable experience.....	24
Somewhat unfavorable experience.....	4
Quite unfavorable experience.....	0
We have no information on this matter.....	13

ATTITUDES AND FUTURE PLANS

It was not too long ago that most persons regarded the alcoholic as a hopeless case and one not worthy of help. If an executive still holds this point of view he would be unlikely to devote his own time or authorize the expenditure of company funds to help alcoholic employees. Thus, it was important to seek expressions of attitudes in this area. Therefore the following two questions were asked of the presidents:

• "Can a sufficient percentage of alcoholics be helped to make rehabilitation programs worthwhile?" Sixty-eight executives said "yes," eighteen replied "I am doubtful that enough can be helped," and fourteen did not answer the question.

• "Do you feel it might pay a company *in actual dollars and cents saved* to attempt to rehabilitate its problem drinkers?" Here, forty replied in the affirmative, twenty-two in the negative, and the others did not commit themselves.

Two final questions touched on probable future work in this field. One was based on figures supplied by a group of companies in a major city in the United States. This question read: "If you were to learn from the experience of other companies that 50% of problem drinkers could be helped at an average cost of about \$300 per individual treated, would you be inclined to give serious thought to setting up a program of rehabilitation in your own organization?"

Reply

Number of Companies

We might consider setting up our own program if 50% could be helped.....	38
We would give definite consideration to setting up our own program if 50% could be helped.....	20
No, the success rate would have to be higher than 50% to justify setting up a program in our company.....	22

Finally, each president was asked to indicate what action, if any, his company might take in the future to deal with the problem of alcoholism. Forty-two said, "We do not have an alcohol problem here." Forty replied, "We recognize that alcoholism is a problem but will probably give our attention to other company problems that seem more serious or urgent to us." Eighteen stated, "We probably will give more attention to the alcohol problem in the future."

STEPHEN HABBE

Division of Personnel Administration

Discipline with a Smile

A PLEASANT approach to sometimes unpleasant subjects has been devised by the Federal Telephone and Radio Company of New Jersey. To each of the 4,600 employees at the company's plant in Clifton, New Jersey, the firm has distributed a 14 inch by 7 inch broadside, folded into pamphlet form and entitled "Working Together at F.T.R." The broadside contains forty-four sketches, each one an amusing presentation of a company rule. These cover a wide range of subjects—violation of smoking regulations, operation of machines without authority, horseplay on the job, punching another employee's time card, etc.

The introductory remarks to the sketches are as follows:

"Here at Federal, we have certain ways of doing things that we have found from experience are for the good of all. They give you and your fellow workers the greatest measure of opportunity and safety.

"By following the rules, you as an employee will be able to adjust yourself quickly to your surroundings and remove any uncomfortable feeling that might come from not knowing what is expected of you.

"Committing any of the following acts will be ground for disciplinary action ranging from reprimand to immediate discharge, depending upon management's judgment as to the seriousness of the offense."

The company reports that the pamphlet has been well received by the employees. Some of the sketches are reproduced below.

Sketches from Federal Telephone and Radio's pamphlet on company rules

Unjustified absence from work position.



Not wearing or using prescribed safety equipment or tools.



Running in the plant.



Failure to shut off power machines at designated times.



Violation of smoking regulations in the plant.



Possession of liquor on Company premises.



Marking, erasing, or defacing a time card.



Gambling.



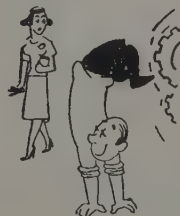
Fighting.



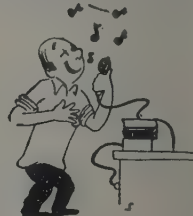
Stealing from Company or co-workers.



Horseplay.



Operation of machines without authority.



Unnecessary absence from job.



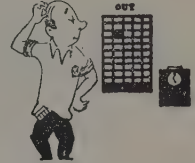
Repeated lateness.



Failure to begin work promptly at the sound of the starting buzzer or stopping work before quitting buzzer sounds.



Failure to keep your time card in assigned rack at all times, except when punching or as directed.



Loitering or waiting at the time clock before quitting time.



Loafing.



Group congregation during working hours.



Disclosing confidential information concerning work being performed under Government classified contract.



Punching another employee's time card or persuading another employee to punch your time card.



Bringing narcotics on Company premises.



Entering the plant or premises for any other purpose than to work regularly assigned shifts.



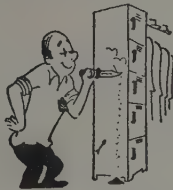
The use of abusive language directed either to an employee or supervisor.



Misappropriation of Company tools, equipment or material.



Defacing or damaging Company property.



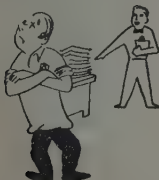
Reckless operation of lift trucks, speeding, carrying of riders or failure to stop at stop signs.



Carrying of firearms or other deadly weapons.



Refusal to work or willful failure to carry out Supervisor's instruction.



Interference with the work of others.



Creation of or contributing to unsanitary or unsafe conditions.



Removal of machine guards or other safety devices, or making such devices inoperative without authority.



Restricting Inventions after Employment Ends

How long can an employment contract extend after an employee leaves a company?

Court findings throw some light on this complicated question

THE AVERAGE INVENTOR today is a salaried employee. His employer invests in his ability to invent, often gives him access to costly confidential information, and furnishes him with the materials and equipment he needs to produce results. In return, the inventor employee is usually expected to sign a patent agreement that pledges him to assign any inventions he may produce in the course of his employment, as well as the patents covering them, to his employer.¹

Such agreements have been approved by state and federal courts.² They serve to protect the employer's investment—at least as long as the inventor remains on the company payroll. But what protection do they afford *after the inventor's employment is terminated*?

Take a hypothetical example to illustrate this problem. John Jones is hired by Company A to invent toys. He is paid for his time, made privy to A's trade secrets, and supplied with all necessary equipment. The patent agreement he signs at the time he is hired commits him to make known and assign to A all inventions and improvements he may conceive "during his employment by the said company."

But, in the course of his work, Jones comes up with a new kind of rattle. Of course he has agreed to turn such ideas, and the patents to protect them, over to Company A. Instead, he goes to see Company B, a competitor of A, and offers his new idea in return for a job at a higher salary. Company B, either deceived or unethical, accepts the offer. Jones then quits his job with Company A, starts working for B, and a short time later the new rattle hits the market as B's product.

Legally, the rattle belongs to A; Jones violated the patent agreement. But to get patent rights to the rattle, A must go to court. That's costly, and uncertain. Proving how and when an idea was born is not easy.

Company A's plight raises a question: Would Jones have been able to act as he did if the patent agree-

ment he signed on entering A's employ had obligated him to make known and assign to A all inventions and improvements he might conceive "during his employment by said company *and during a reasonable period of time thereafter*"? This question brings up another: Would such a postemployment restriction be legal?

With these questions in mind, THE CONFERENCE BOARD examined the patent agreements of fifty large companies to see what steps they have taken to protect their investment in inventor employees *after* employment ends. Court opinions on the subject were also analyzed to find out whether, and to what extent, postemployment restrictions may *legally* be included in patent agreements.

CONFIDENTIAL INFORMATION

Twenty-four of the fifty companies participating in the Board's survey specify expressly in their patent agreements that all trade secrets or other confidential information revealed to inventor employees must be kept secret after employment ends. A manufacturing company, for example, spells out this postemployment restriction:

"Except as required in his duties to the employer, the employee shall not disclose or use at any time, either during or subsequent to the said employment, any secret or confidential information of the employer (whether or not developed by the employee), unless he shall first secure the employer's written consent."

Nine of the participating companies with postemployment secrecy requirements in their patent agreements add a further precaution. They specifically prohibit inventor employees from removing confidential documents from company property. For example, employees under this patent agreement are required:

"To keep confidential all information, records and documents of the company of which I may have knowledge because of my employment with the company, and, except as required by my employment, not to remove from the property of the company any record or other document relating to any business of the company, or make copies thereof; all such records and documents whether made by me or by others being recognized as the property of the company are not to be used for my own or another's benefit or communicated to another, either before or after termination of my employment with the company, without the written consent of the company."

¹For the Board's findings on company practices with regard to these assignment agreements and other policies affecting employee patents, see "Patent Policies for Employees," *Management Record*, August, 1952, p. 294.

²*Selden vs. Pringle* (N. Y., 1854) 17 Barb. 458. *U.S. vs. Dubilier Condenser Corp.*, (1933) 289 U.S. 178, 53 S. Ct. 554, 77 L. Ed. 1114. *Marshall vs. Colgate-Palmolive-Peet Co.* (CCA-3, 1949) 175 F. 2d 215.

Legality of Restriction on Confidential Information

At issue in the case of *Thibodeau vs. Hildreth*¹ was an employment contract in which Thibodeau had agreed to keep secret all inventions he would make while employed by Hildreth. The agreement had been violated and Hildreth sued for damages. The court said:

"This contractual pledge of Thibodeau's to keep secret forever all the inventions which he made while in Hildreth's employment was perpetual. It continues to bind him even though his employment is ended. This contract is neither unconscionable nor against public policy. Such an agreement is not uncommonly made by an employee with his employer, and it may be necessary for the reasonable protection of the employer's business."

But there are legal limits. In the case of *Victor Chemical Works vs. Iff et al.*² the Illinois Supreme Court ruled on a contract that prohibited inventor employees "from directly or indirectly giving any person any information in regard to the whole or any part of the plant or process of the employer, and from doing anything which might injure, by competition or otherwise, the employer, its successors or assigns in the business." The court decided such contractual restraint was void because it was "unlimited as to time and space. . . ."

PATENT APPLICATIONS

In the absence of death or other extreme emergency, the inventor himself is the only one who can apply for patents on his inventions. However, he may assign his rights under the patents to another. When he has agreed to assign them to his employer, he makes the patent applications at the employer's expense, and the patents are issued to the employer. But what happens if the inventor has terminated his employment before the start of patent proceedings on an invention he made while still employed?

Twenty-five of the fifty companies participating in the survey have considered the possibility of such a contingency. One company puts it this way:

"Should the employment of the employee be terminated, both parties shall thereafter be free from the obligations of this agreement, except the employee shall remain bound to execute application and assignment instruments covering inventions conceived or developed by him while an employee of the company."

Recognizing the expense and inconvenience such a postemployment obligation could impose, one company stipulates in its patent agreement that in the event any service is required of a former employee in connection with the application and assignment of patents for inventions made during his employment, it will "pay said employee at the rate of \$25 per day, or

proportionately for fractions of a day, for time actually consumed by him in fulfilling such obligations, and reimburse him for any traveling and/or personal maintenance expense he incurs in fulfilling such obligations."

The patent agreement of another company calls for "pay at the rate of \$40 per day for time actually given by the employee at the company's request while attending the taking of testimony after termination of his employment by the company."

Legality of Restriction on Patent Agreements

The United States Supreme Court has ruled¹ that an employee who devises a new invention, who uses the property of his employer and the services of other employees to put the invention in practical form, and who assents to the use of the perfected invention by his employer, has thereby committed himself to do what is necessary to give his employer an irrevocable license to use the invention.

Applying this ruling, the Federal District Court has said² that an employer may require employees to execute patent application and assignment instruments covering inventions and improvements related to work done during employment, even though patent proceedings are not started until after employment ends.

INVENTIONS AND IMPROVEMENTS

Remember how John Jones defrauded Company A in the example given earlier in this article? This led to the question of whether Jones would have been able to act as he did if A's patent agreement had required the disclosure and assignment of inventions and improvements he might conceive "during his employment by said company and during a reasonable period of time thereafter."

Ten of the fifty companies participating in the survey have such postemployment restrictions in their patent agreements. However, the duration of the restriction is not the same in all ten companies.

Ninety-Day Restriction: One company asserts its right to all inventions its employees may make within the period of ninety days after their employment ends:

"All discoveries, inventions and improvements which the employee during the period of his employment heretofore has made or conceived or which hereafter he may make or conceive during the period of his employment, or during the period of ninety days following the termination of his employment, and which relate to the manufacture or formulation of . . . products, or with any matters which have been heretofore, or which may become, during

¹ (CCA-1, 1908) 124 F. 892.

² (1921) 299 Ill. 532, 132 N.E. 806.

¹ *Solomon vs. U.S.*, (1890) 137 U.S. 342, 11 S. Ct. 88, 34 L. Ed. 687. *Gill vs. U.S.*, (1896) 160 U.S. 426, 16 S. Ct. 322, 40 L. Ed. 480.

² *Mississippi Glass Company vs. Franzen*, (CCA-3, 1906) 143 F. 501.

such employment, the subject of investigation and research by or on behalf of the employer, or in which [the company] may become interested during such employment, together with such patent application and patents as may be obtained thereon in this and foreign countries shall be the sole and exclusive property of the employer, its assigns or nominees."

Six-Month Restriction: Four of the participating companies lay claim to the inventions of their employees for a period of six months after the termination of employment. The patent agreement of one company imposes the six-month restriction by demanding this pledge from its inventor employees:

"I will promptly disclose to you, or to the subsidiary by which I am employed, and only to you, or such subsidiary, all inventions, discoveries, and improvements relating to any work to which I am assigned during my employment, or relating to any product made by you or any of your subsidiaries, or relating to or usable in the manufacture, application, use or sale of any such product, which I shall conceive during the period of my employment or *within six months thereafter*. . . . All such inventions, discoveries or improvements conceived during the period of my employment or *within six months thereafter* shall belong solely and exclusively to you or to your subsidiary by which I am or have been employed."

Another company makes it clear that its six-month restriction on postemployment inventions applies whether the employee resigns or is fired:

"Employee recognizes that company will disclose to him certain confidential matters. In view of his relation to company as to such matters, employee agrees to disclose to company promptly and in writing all inventions or improvements in any way connected with his or his co-workers' employment with company, which he makes within six months after the termination of his employment, irrespective of whether such termination is by his own act of resignation or by act of company."

The same company adds this provision to govern the running of the six-month restriction when an employee does not return to the company's employ after leaving for military service:

"In the event that employee is called or volunteers for service with the armed forces of the United States, performance by employee . . . will be excused during the period of such service. . . . If employee does not return to company's service, the provisions . . . relating to assignment to company of inventions which employee may make after termination of his employment shall not apply with respect to inventions made by employee more than six months after cessation of employee's service with the armed forces or more than six months after employee shall have served notice on company of his intention not to return to company's service, whichever is the earlier."

One-Year Restriction: Five of the participating companies compel their inventor employees to surrender the patent rights to inventions they bring to

light during the period of one full year following the termination of their employment—if they relate to the type of work the inventor was paid to do while an employee of the company. For example, one of these companies requires its employees to sign this release:

"The employee promises and agrees to transfer and assign to the company any and all discoveries, inventions or improvements which relate or pertain in any manner, directly or indirectly, to the company's business which he may make, either as a sole inventor or jointly with others, including any discoveries, inventions or improvements which he may make in respect to any phase of the company's business during the term of employment and *within one year thereafter*."

The employer, of course, as already stated would have no valid claim to inventions conceived by a former employee during the year after his employment unless they relate to the type of work the inventor was paid to do while still an employee. But the burden of proving that an invention, arrived at during the subsequent year, is not related to work done during previous employment is placed on the inventor in this patent agreement:

"All inventions or discoveries relating to the company's business which the employee conceives or makes while employed by the company shall be the company's property. Any invention relating to the company's business disclosed by the employee within one year following the termination of this employment shall be deemed to fall within this provision, unless proved to have been conceived and made following such termination."

Another company retains its right to the inventions and improvements of its employees during the term of their employment and for an "extended period (not exceeding one year) thereafter." But, in return for this extended right, the company commits itself to (1) notify "the employee in writing, prior to the expiration of the employment," and (2) "continue to pay the employee amounts equivalent to his then salary." The employee, for his part, agrees to "promptly disclose, and, upon its request, assign to the company all such improvements and inventions, and said inventions and improvements are to become and remain the property of the company, whether or not patent applications are filed thereon."

Legality of Restrictions on Postemployment Inventions

How long can an employer legally "hold" employees with regard to inventions and improvements they conceive after their employment ends? Indefinitely? For five years? Or only for one year, or less?

Indefinite Restrictions—Inventions: Under attack in the case of *Standard Plunger Elevator Company* vs. *Stokes et al.*¹ was a patent agreement that obligated each inventor employee to grant to the com-

¹ (CCA-2, 1914) 212 F. 893.

pany "the exclusive license to use all other future patents and inventions devised or acquired by him with relation to elevators and their appliances, or capable of use in connection therewith . . . upon payment to him of a royalty of \$1 for each several invention so made or acquired by him."

A strict construction of this clause, the court said, would pass to the company as exclusive licensee "all inventions of the kind referred to, the first conception of which came to Larsen [one of the inventor employees attacking the agreement] only after his employment had ceased practically. As thus construed, the clause would be an extremely harsh one; it might even be found unconscionable, for it mortgages his inventive faculties to the complainant [the company] for an indefinite period subsequent to employment, in relation not only to elevators of the 'plunger' type, but to steam and electric elevators as well. So harsh a construction should not be given to the contract."

Indefinite Restrictions—Improvements: This would seem to rule out "unlimited" restrictions on post-employment inventions. But an employer can bind inventor employees indefinitely with regard to improvements they might conceive after employment, for inventions owned by the employer.

Back in 1874, in the case of *Littlefield vs. Perry*,¹ the court upheld the validity of "assignments of future improvements upon a machine, in connection with the assignment of a patent for such machine." In 1887, in the case of *Aspinwall Manufacturing Company vs. Gill*,² the Federal Circuit Court of the District of New Jersey quoted the *Littlefield* ruling and enlarged upon it as follows:

"A naked assignment or agreement to assign, in gross, a man's future labors as an author or inventor—in other words, a mortgage on a man's brain, to bind all its future products—does not address itself favorably to our consideration. . . . But where a man purchases a particular machine secured by a patent, and open to any indefinite line of improvements, it is often of great consequence to him that he should have the benefit of any future improvements that may be made to it. Without that, the whole value of the thing may be taken from him the next day. A better machine might be made by the inventor and sold to another party, which would make the machine acquired by the first purchaser entirely useless. These things happen every day. And hence it has become the practice, in many cases, to stipulate for all future improvements that may be made by the same inventor upon any particular machine."

Again in 1895, in the case of *Hulse vs. Bonsack Machine Company*,³ the court reiterated the perpetual right of employers to improvements on any inventions to which they hold the patents. Hulse was

an inventor who, on being hired by Bonsack, had signed this agreement:

" . . . in case he can make any improvements in cigarette machines, whether the same be made while in the employment of the said company or at any time thereafter, the same shall be for the exclusive use of the said company."

Years later, Hulse discovered a valuable improvement for the cigarette machines and offered to sell it to Bonsack for \$100,000. Bonsack insisted on the terms of the agreement, but promised to pay Hulse for the time and money he had spent in perfecting the improvement. Not satisfied with this arrangement, Hulse tried to sell the improvement to Bonsack's competitors and Bonsack took him to court. The court decided:

"Hulse could not back out of the contract. It was a contract of hiring at stipulated prices and conditions. The company did its part; Hulse had to do his. Bonsack owned valuable patented machines, which were open to improvement. A person entering its employment could learn about the machines and their merits and see where improvements were needed. If any improvement suggested itself to his mind, he could, by using the machines and the time and the material of the company, experiment upon it, and ascertain its value. The improvement would be his own idea. But it owed its suggestion and origin, its progressive development and perfection, to the business, the practical working, the opportunity afforded by the company. When, therefore, the company, taught by costly experience, determined to protect itself from the discovery of improvements by its servants, it did a natural and reasonable thing; and when it protected itself by a covenant in advance of any employment with those seeking its service, it did a fair thing. *Nor was that part of the contract which put in the same category improvements made while in the employ of the company and those made at any time thereafter unconscionable or unreasonable.* Without this safeguard, the contract on this point could easily be evaded, and be made valueless."

Restriction on Inventions for Five Years: In a mid-western case, the court was asked to pass on an employment contract between two inventors and a firm that made contraceptives for women. The contract had committed the inventors to assign to the firm all patent applications relating to the products they worked on during their period of employment "or within five years thereafter."

When the inventors breached this five-year restriction on postemployment inventions, the firm was unsuccessful in its attempt to get satisfaction in court. It is important to note, however, that the court did *not* pass on the validity of the five-year restriction. It threw the case out because the product involved tainted the whole contract with illegality. That, in effect, left the validity of a five-year restriction on postemployment inventions still untested.

Restriction on Inventions for One Year: The case of
(Continued on page 447)

¹ 21 Wall. 205, 22 L. Ed. 577.

² 32 F. 697.

³ (CCA-4) 65 F. 864.

Clerical Salary Structures

**The clerical salary structures of eighteen cities are examined and compared—
in both charts and text—on the basis of eight selected bench-mark jobs**

THE TERM salary structure is used to mean many things, but basically it implies a series of relationships. This series of rates is designed to reflect differences in the skill level and job requirements of the work performed by employees. As such it becomes a basic pattern adopted by a company to guide its line organization in handling day-to-day salary problems.

In many cases, a salary structure is the end product of formal job evaluation programs and requires the integration of internal forces affecting job values with external forces, such as going area rates for comparable jobs.

While the primary objective of a salary structure is to set up a salary hierarchy, it does not always tell the complete story about actual rates being paid. This is especially true in a structure providing for rate ranges, which makes it possible to pay individual employees different rates for performing identical tasks. In this case, the rate depends upon the demonstrated ability and performance of the individual; or it may vary according to length of service, with only secondary consideration given to performance.

Supply and demand of particular skills also tend to affect the relative importance of rates in the structure. For example, a structure may be designed to provide a salary range of \$45-\$60 for the job of file clerk and \$57-\$76 for a transcribing machine operator. But, due to local labor market conditions, the company finds it necessary to offer a minimum of \$55 per week in order to get the file clerks it needs; but it does not have to offer more than the starting rate of \$57 per week for qualified transcribing machine operators.

PATTERNS OF SALARY RANGES

Salary ranges follow two general patterns. These are (1) overlapping salary ranges and (2) butt-to-butt salary ranges. Overlapping ranges are used more extensively than butt-to-butt, even though each has certain advantages and disadvantages.

Characteristic of overlapping ranges is the relationship of the ceiling, or maximum rate, of one salary range to the floor, or minimum rate, of the next higher salary range. Depending on the particular company practice, the maximum rate of the lower salary range may extend from 10% to 75% beyond the minimum rate of the next salary range. The practice sets up a

zone or overlapping in which certain rates occur in adjacent ranges. For example, the rate ranges of \$45-\$60, \$51-\$68 and \$57-\$76 indicate an overlapping of more than 50%, with rates of \$51 to \$60 being common to the first two ranges and \$57 to \$60 to all three ranges. Advantages claimed for the overlapping structure are:

- Provides for transferring employees between jobs with no change in actual rates paid.
- Provides a greater difference between minimum and maximum of ranges, which permits more merit increases while employees are on the same job.
- Offsets any impact from job downgrading, since little or no cut in salary may be necessary.
- Reduces the need for giving substantial increases to employees promoted to the next higher-rated jobs.
- Avoids the need for immediate salary adjustments to promoted employees; and this, in turn, facilitates returning them to their previous jobs with no change in salary in the event they don't make good.

While overlapping ranges have these advantages, line supervisors do encounter the problem of explaining why some employees in lower-salaried jobs are paid more than those in higher-salaried jobs. Also transferring, demoting and promoting employees with little change in individual salary rates make administration of pay adjustments based on merit somewhat more difficult.

Butt-to-butt salary ranges provide for a series of rates in the structure in which the ceiling or maximum rate of one range meets, but does not overlap, the floor or minimum rate of the next higher salary range. In this structure, no salary range has identical rates with any other range. Typical of a series of rates in a butt-to-butt salary structure are \$49-\$55, \$56-\$63 and \$64-\$72. Some advantages of this pattern are:

- Salary administration is simplified inasmuch as each rate range is fixed for a group of comparable jobs.
- Employees can look forward to an immediate increase in salary at the time of promotion.
- Relatively narrow differences between the mini-

mum and maximum rates facilitate administration of individual employee salaries.

However, these very advantages can turn to disadvantages when certain conditions prevail. For example, transfers, so necessary in certain operations, are not possible without considerable "personnel action" and paper work. Also, during cutbacks of the work force, downgrading may require a sizable decrease in pay, which can be demoralizing. And narrow differences in the range are sometimes inadequate to motivate employees to do better and earn a merit increase.

SALARY CURVES

Salary administrators generally accept the concept that the salary curve—the line connecting all pay rates in the structure from the lowest to the highest—assumes the shape of a straight line. Some compensation specialists, of course, do not accept this belief. They feel that the salary curve should be other than a straight line. And among the dissidents are those who believe the curve may be in the form of two or more segments that are connected. However, the straight line continues to remain popular even though in recent years external forces have required other considerations.

For instance, during the past twenty years, the slope of a company's salary curve may have changed in one of several ways. In some cases the slope has flattened considerably because salaries have been increased more at the low end of the structure than at the high end. Or, in other instances, as already suggested, the straight line has given way to a structure consisting of two, three or more connected segments, each having its own slope. Other companies report that the lower salaries in the structure form a plateau shape followed by a straight line for the remaining salaries.

Salary administrators say these changes in structure have been due to several conditions, such as the Fair Labor Standards Act increase in the minimum wage from 40 cents to \$1 an hour, the impact of collective bargaining in raising wages at the low end of the wage curve, and the general rise in the wage level of the past two decades.

There is no pat answer as to what might be considered the ideal salary curve for a series of clerical jobs or, for that matter, for any series including middle management and executive-level jobs. Conditions peculiar to a company—as well as industry or community wage levels—may dictate a particular salary curve. For instance, if it is a company's policy to have a salary structure conform to industry or community practices, then going rates for the community or industry will to a large extent determine the slope of the curve. Often companies, individually or collectively through trade or employer associations, survey industry and community practices to learn about external forces so they may be guided in integrating these with internal

conditions in an attempt to arrive at the most logical salary structure.

The objective of this integration is to design a structure providing a general wage level the company can "live with" in the community and in relation to salary costs of competitors. In addition to establishing a salary structure that will help in attracting applicants for employment, it also must serve the purpose of retaining employees after they are placed on the payroll. In order to keep attuned to external conditions a salary structure is subject to change from time to time in keeping with a company's pay policy.

CITY SALARY STRUCTURES

Should the slope of the salary curve be the same for companies in various cities throughout the country? Salary administrators of multiplant companies frequently ask this question. Obviously, salary administration is simplified when a uniform series of pay rates is used throughout the nation. And this practice is followed by some companies for all job classifications exempt from coverage of the Fair Labor Standards Act. In others, the practice is limited only to the higher-middle management and executive levels, with city-to-city variations for the lower-level exempt and all nonexempt job classifications.

Many of the multi-unit companies have decentralized the salary administration function for nonexempt jobs. Complete local autonomy is granted to division, plant or product managers to establish salary structures according to "local need." Under such decentralization, it is reasonable to expect that a company may have a different salary structure covering clerical jobs in each different city, even though the jobs are practically the same in terms of skill levels.

THE BOARD'S CLERICAL SALARY SURVEY

On the following pages are a series of graphs illustrating eighteen city salary structures for eight selected clerical jobs. Data for these salary relationships are from the Board's most recent clerical salary survey and represent salaries paid as of October 4, 1957. The structures cover Atlanta, Baltimore, Boston, Chicago, Cincinnati, Cleveland, Dallas, Detroit, Houston, Kansas City, Los Angeles, Milwaukee, Minneapolis-St. Paul, New York, Philadelphia, Pittsburgh, San Francisco and St. Louis.

The eight jobs used for analysis in this article were selected as the "more appropriate bench-mark jobs" out of the total of fourteen jobs covered in the complete survey.¹

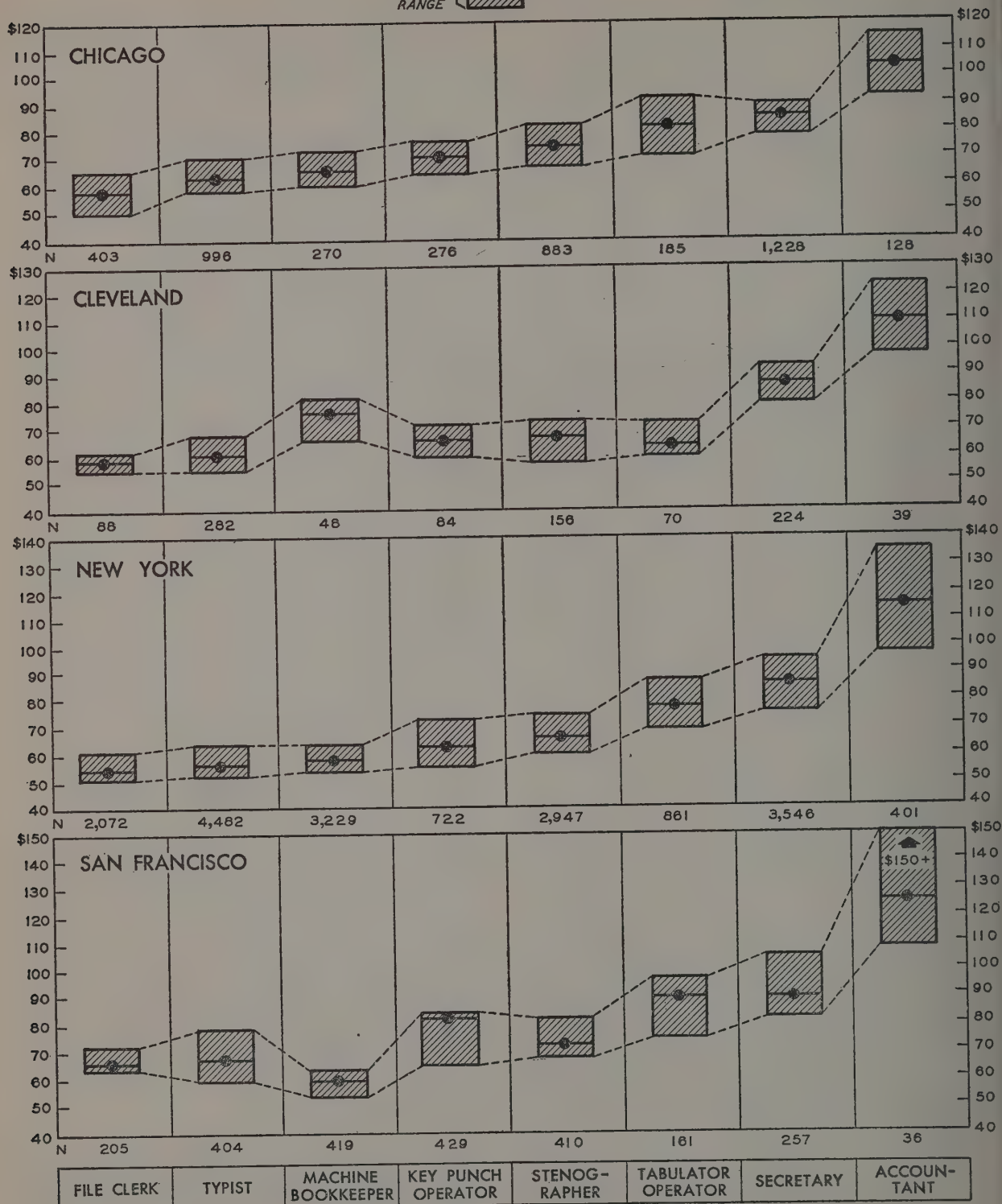
(Text continued on page 434)

¹For job descriptions and salary data on all fourteen jobs in twenty cities see "Clerical Salaries in Twenty Cities," *Studies in Personnel Policy*, No. 164, December, 1957. Graphs for Buffalo and Seattle are not shown in this article because of inadequacies in the data for this type of analysis.

Clerical Salary Structures in Selected Cities, October, 1957

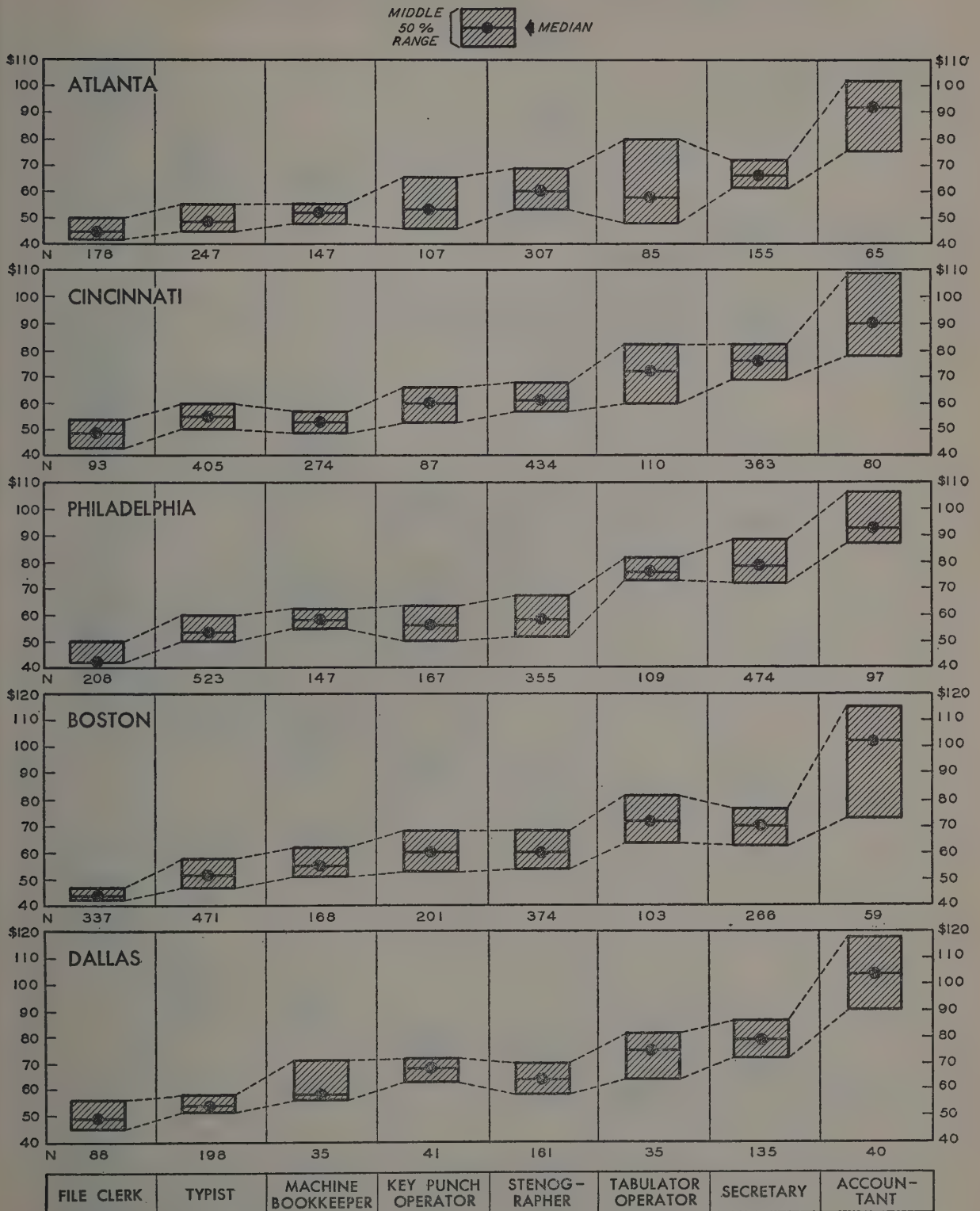
MIDDLE 50% RANGE

MEDIAN



N: NUMBER OF EMPLOYEES

Clerical Salary Structures in Selected Cities—continued

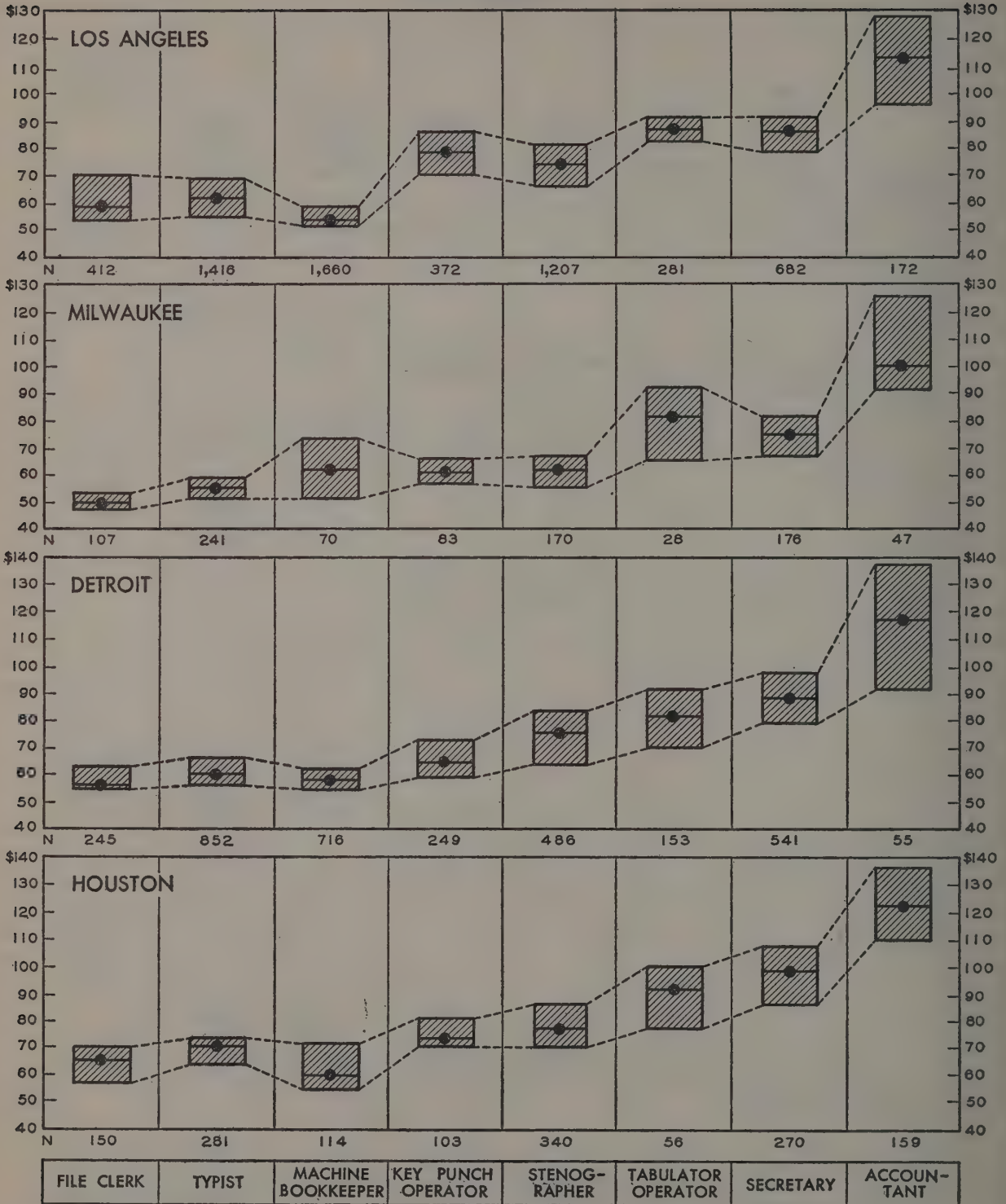


Clerical Salary Structures in Selected Cities—continued

MIDDLE 50% RANGE



MEDIAN



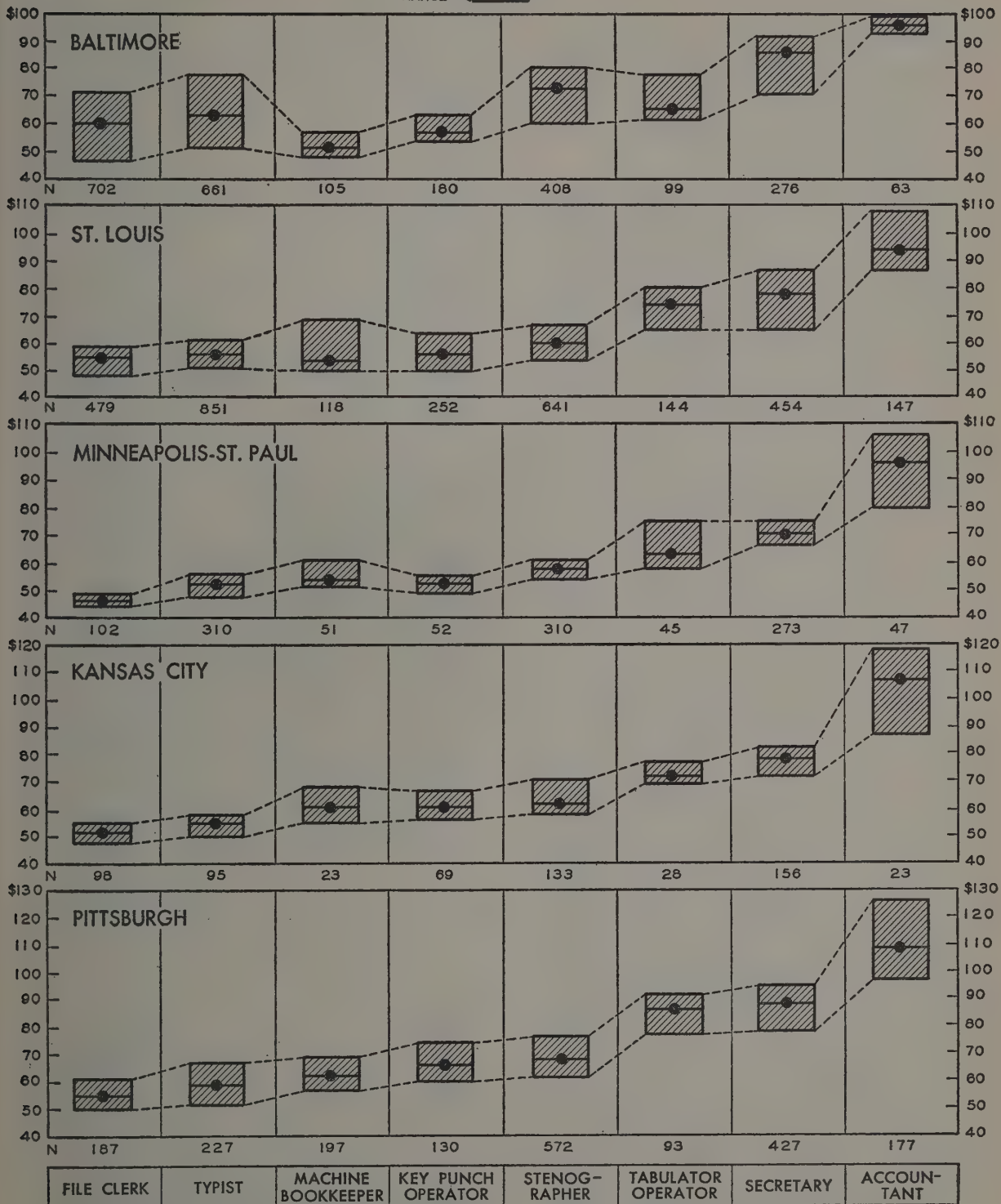
N: NUMBER OF EMPLOYEES

Clerical Salary Structures in Selected Cities—continued

MIDDLE
50 %
RANGE



↓ MEDIAN



N: NUMBER OF EMPLOYEES

(Text continued from page 429)

The eight bench-mark jobs are:

- 1. File clerk
- 2. Typist (jr. typist and sr. typist combined)
- 3. Bookkeeping machine operator
- 4. Key punch operator
- 5. Stenographer
- 6. Tabulating machine operator
- 7. Secretary
- 8. Accountant

These eight were selected because they met the following tests:

- They are representative of as complete a coverage as is possible for clerical jobs in most cities.
- They are subject to the forces of supply and demand operating effectively in local labor markets.
- They are readily identifiable in most cities.
- They are easy to describe accurately.
- The qualifications for employment and skill levels are relatively constant among the cities.

Many job evaluation manuals issued by companies also list these jobs as bench-mark jobs. And these manuals, in most cases, rank the eight jobs from low to high in the same order given in this listing.

It will be noted that two salary measures are used for constructing the city salary structures: the median salary and the salary range of the middle 50% of the jobs. These measures of central tendency are used because they help to eliminate the influence of extreme highs and lows of salaries reported by the companies participating in the survey.

Here is what the two measures specify. The median salary indicates that 50% of the employees covered in each job among the reporting companies in each city are paid more than the median salary, and 50% are paid less than the median salary. The middle 50% range shows the minimum and maximum salaries paid after eliminating the top 25% and the bottom 25% salaries. Users of survey data usually consider both measures important when comparing their company salaries with the salaries paid by other companies in the same city. For example, both a bookkeeping machine operator and a stenographer in Milwaukee (see chart on page 432) have median salaries of \$62; but, in contrast, the middle 50% ranges vary considerably—\$51-\$74 for the bookkeeping machine operator and \$55-\$67 for the stenographer. This second measure provides important information when interpreting medians of each job.

Another important question concerns the general structural relationship among the clerical bench-mark jobs in the eighteen cities. The simplest way of determining this is to analyze the various city structures solely in terms of the median salaries paid for each of the eight jobs.

Using the median salary of file clerk (the lowest

ranked in the hierarchy of eight jobs) as the base for each city, the percentage difference between file clerk and each of the other seven jobs was computed for each city. To get the "typical city structure" among the eighteen, the median differential between the file clerk and each of the subsequently ranked jobs was selected. The results of the computation are shown here:

Job Title	Average % above File Clerk	% Difference from Preced- ing Job
Typist	8%	8%
Bookkeeping machine operator	12%	4%
Key punch operator	19%	7%
Stenographer	24%	5%
Tabulating machine operator	41%	17%
Secretary	50%	9%
Accountant	100%	50%

As can be seen from these percentage computations, the salary structure for the jobs studied consists of a slowly rising salary curve from file clerk through stenographer, with an appreciable jump from this point to tabulating machine operator and secretary, and then another substantial rise to accountant. When the salary structures of individual cities are examined, Kansas City and Chicago fit the "typical city structure" almost perfectly, with those of New York, Cincinnati, Pittsburgh, Milwaukee and Atlanta fairly close.

Only two cities, Boston and Philadelphia, show a basic divergence from the typical pattern. In both of these cities, typists are reported to be receiving markedly more in weekly salary than employees in the base job of file clerk (Boston 18% more and Philadelphia 29% more), with only small differences existing between the jobs of bookkeeping machine operator, key punch operator and stenographer. Furthermore, these two cities also indicate a much higher differential between accountant and file clerk—Boston 121% and Philadelphia 132% as compared with 100% in the "typical city structure."

NICHOLAS L. A. MARTUCCI

HARLAND FOX

Division of Personnel Administration

Management for Growth—This book consists of the published proceedings of the 1956 sessions of the Transportation Management Program sponsored at the Stanford Graduate School of Business. The topics, presented by executives in transportation organizations, include: "The Need for Executive Training," "Management Reorganization," "Cost Control and Profit Forecasting," "Emergency Transportation Controls," and Revising National Transportation Policy" among others. Edited by Gayton E. Germain, Graduate School of Business, Stanford University, Stanford, California, 1957, 126 pp. \$4.75.

Fight Against Racket Labor Press Continues

A MILLION DOLLAR racket that has played countless businessmen for gullible suckers" is *Labor's Daily* characterization of the racket labor press. In a recent series of articles, it discusses how businessmen can avoid being taken in by these papers.

Briefly, racket labor papers are those which purport to be endorsed by the AFL-CIO or to be official union publications.¹ Actually, however, according to *Labor's Daily*, these papers exist only to secure money through worthless advertising—advertising which is obtained by misrepresentation and through the use of veiled or implied threats of "labor trouble" if a businessman refuses to subscribe.

This is false advertising, says *Labor's Daily*, because it is "not basically designed to attract customers to a product, but rather . . . to buy fancied good will or avoid ill will. It is a form of extortion. Sometimes only the names of advertisers are published without even addresses or the product the names represent. Frequently an ad is signed simply 'from a friend' or some other similar phrase that spells an anonymous 'gift.' Frequently only enough copies of the paper are published to cover the advertisers; and there are cases where no paper ever came out at all."

The AFL-CIO campaign against the racket labor press is being carried on by the International Labor Press Association, composed of the editors of more than 300 AFL-CIO publications. ILPA has set up a special office to look into complaints on racket labor papers, and, according to *Labor's Daily*, this "office has become a clearing house for information on the activities of the racket press and . . . the techniques used by unscrupulous advertising solicitors."

At its 1956 convention, the ILPA strengthened the code of ethics to which all its members must subscribe. Among the rules—which member publications must abide by or face expulsion—are the following:

- Members of ILPA are prohibited from representing that they are endorsed by the AFL-CIO parent federation.
- Member publications must prominently publish in each issue an accurate statement of ownership and endorsement, if any.
- Member publications may not employ high-pressure, long-distance telephone solicitors.

- All advertising, except for nationally advertised standard brands, must carry the name and address of the advertiser and when pertinent also the identification of the product or service he sells. Nor may any suggestion be made that the purchase of advertising space accomplish anything for the advertiser beyond winning consumer acceptance or approval of the advertiser's product or services.

- Member publications may not associate themselves with the publication of any yearbook or directory that has for its primary purpose the solicitation of donations under the guise of selling advertising.

- Member publications may not solicit or accept local advertising from outside their area of circulation. This does not apply to national advertising.

Labor's Daily points out that there are essentially three different kinds of legitimate labor publications: First, those published directly by the AFL-CIO, such as the *AFL-CIO American Federationist* and the *AFL-CIO News*, as well as those published by affiliated departments of the federation. These publications, they say, carry no advertising, and no one is authorized to solicit any in their names. The second group are those papers published by more than 150 large international and national unions.¹ Most of these carry no advertising, but a few do as a means of reducing costs. The third group of union newspapers represents state and local bodies affiliated with the AFL-CIO, and most of these do carry advertising. In addition, there are a relatively few privately owned publications endorsed by various segments of the labor movement. "To be properly accredited," warns *Labor's Daily*, these papers must be "endorsed by state or local central bodies chartered by the AFL-CIO."

As a guide to businessmen approached for advertising in a labor publication, *Labor's Daily* suggests the following:

- "Make sure that you know with whom you are dealing and that he represents a bona fide labor paper.
- "If you don't know the advertising solicitor and are not sure of his credentials:

- "Check with the editor of your local labor paper.

¹ See also "Racket Labor Papers" *Management Record*, September, 1950, p. 338, and "Beating Racket Labor Papers—Texas Style," *Management Record*, April, 1952, p. 139.

¹ The Board's "Sourcebook of Union Government, Structure and Procedures" lists for each union the name of its official national publication, periodicity, subscription price and address.

"Check with the business representative of your employees if your shop is union.

"Check with the Better Business Bureau in your community.

"Write to the International Labor Press Association, AFL-CIO Building, 815 Sixteenth Street, N.W., Washington, D. C.

"Cooperate with the local authorities in the effort to put racketeers behind the bars where they belong."

Six Convicted for Operating Racket Paper

By way of addendum to the story on the racket labor press, *Justice*, published by the ILGWU, reports that six men were recently convicted in Brooklyn of operating a fictitious labor publication, *The American Labor Review*. These men claimed that the paper was sponsored by the American Federation of Labor, while according to the court, the sole purpose of this publication was "to extort money from legitimate businessmen through promises of labor peace or threats of labor trouble for those who balked."

UAW Sees Special Use for Short Workweek

Speaking to a group of regional representatives, Auto Worker President Reuther indicates that a special short workweek may be proposed for older workers to ease the sudden shift from full-time work to complete retirement. According to *The Auto Worker*, the "UAW has always opposed the compulsory aspects of retirement programs," and the special workweek for older workers may be a demand in next year's negotiations.

Other demands that can be expected in 1958, according to Mr. Reuther, are:

- Improved pension benefits.
- Cost of living clauses added to pensions.
- A preretirement program whose cost is built into the over-all pension cost.

Steelworkers' Version of Shorter Workweek

The United Steelworkers of America may propose extended vacations rather than a six-hour day or four-day workweek in their 1959 bargaining sessions, reports *Labor's Daily*. Steelworker President David McDonald is quoted as having told a district meeting of union officials that the union is looking into the possibility of an extended vacation plan in which workers will get four months off with pay every five years, in addition to regular vacations. According to Mr. McDonald, this plan may be more feasible and cheaper than a shorter workweek and he says it would also provide 25,000 additional jobs in the basic steel industry.

Mr. McDonald indicates that this extended vacation proposal will be considered in greater detail at a series of union divisional meetings beginning in early 1958.

Auto Workers To Issue New Publication

A new weekly publication, *Solidarity*, has become the official organ of the United Auto Workers, reports the *AFL-CIO News*. This newspaper replaces two monthly publications, *The Auto Worker* and *Ammunition*. It began publication the first week of December.

According to the *AFL-CIO News*, *Solidarity* is an eight-page tabloid, published in several geographical editions. The editor of the new publication is Ken Fiester, former editor and publicity director of the Textile Workers Union, AFL-CIO.

Unemployment Insurance Goals Spelled Out

"Working to improve unemployment insurance is like swimming upstream in a heavy current. After a lot of effort, you find yourself right where you started, if not behind." So states Raymond Munts, assistant director of the AFL-CIO Department of Social Security, in an article in the *AFL-CIO American Federationist*.

According to the author, state action on improving the benefit levels of unemployment insurance leaves much to be desired. Although twenty-two states took action on improving benefit levels this year, less than a dozen made any substantial improvement. The net result has been that in "twenty-eight states (with 58% of the covered workers), maximum benefit levels are now a smaller percentage of average weekly wages than they were two years ago." Mr. Munts also says that not only has there been this loss of ground, but no state has yet fixed its maximum benefit levels at a figure close to the amount which the AFL-CIO feels is desirable.

Specifically, the goals of the federation regarding unemployment insurance are outlined as follows:

Maximum benefit: 66 2/3% of the state's average weekly wage.

Duration: Thirty-nine weeks.

Coverage: Employers of one or more persons.

Disqualifications: Penalties of no more than four weeks and only for quitting or refusing suitable work without good cause, or discharge for misconduct connected with the work.

Strike: No disqualification where employer does not conform to federal or state laws, or where employer insists on wages and working conditions below those prevailing.

Calls for World-Wide Union Organizing Drive

"Trade union membership in the free world will be doubled in the next ten years," states Charles Millard, organizational director of the International Confederation of Free Trade Unions. Mr. Millard is reported in *Labor's Daily* as having declared that only 28% of the world's workers now hold union member-

ship. An intensified organizational drive is needed, he said; and in line with this need, the ICFTU intends to take "immediate action toward organizing plantation workers, who form the largest group of unorganized people."

Arrangements to Provide SUB in "Problem" States

Problems resulting from attempts to integrate supplementary unemployment compensation and state unemployment insurance benefits have been at least partially solved, reports *Steel Labor*. States affected are Indiana, Virginia and Ohio.

The union publication notes that legislation passed by Indiana and Virginia prohibit the payment of state unemployment compensation monies where supplemental unemployment benefits are being received. As provided by the original SUB agreement, the steel union and the companies involved sought to work out alternative arrangements. Failing to do this, the matter went to arbitration, where a two-stage plan was set up. Under the terms of the arbitration award (applicable only in Indiana and Virginia), eligible laid-off workers will receive their full unemployment benefits directly and entirely from the SUB fund. But if SUB disbursements exceed income by more than 2%, the second stage begins. At this point the worker collects SUB only every fourth week of layoff. In the intervening weeks he may collect his full benefit from the state fund.

In Ohio, a temporary system has been negotiated until such time as the courts iron out the legal snarl caused when the administrator of the State Bureau of Unemployment Compensation ruled that payments to Steelworkers out of the SUB fund would be deducted from state unemployment compensation. (The Steelworkers' union has brought suit against this ruling.) In the meantime, laid-off Steelworkers who are eligible for state benefits are collecting these but not SUB. However, records of what they should receive under SUB are being kept, and if the courts uphold the union, the affected workers will receive a lump-sum SUB payment covering the period when they would have been eligible to collect.

Those workers who are not eligible for state benefits but meet the requirements for SUB are drawing weekly benefits from the fund in the normal manner prescribed in the original SUB agreement.

United Front in Chemical Industry Bargaining Urged

Delegates to the recent convention of the International Chemical Workers Union voted to establish a new collective bargaining policy for their union, reports *The Chemical Worker*. Following a strong appeal by ICW President Mitchell, these delegates voted to amend their constitution to provide broader sanction and encouragement to company-wide councils of local unions. These councils will attempt to

cooperate and coordinate their collective bargaining programs with an eye toward negotiating company-wide agreements.

Reporting on the same convention, the *AFL-CIO News* states that President Mitchell also called upon the two other unions in the chemical industry—the Oil, Chemical and Atomic Workers and District 50 of the United Mine Workers—to join forces to set definite bargaining programs with minimum objectives. OCAW President O. A. Knight, invited to speak before the delegates, not only concurred with this objective but, according to *The Chemical Worker*, called for the organization of all chemical industry employees into one union.

Unions Warned on Hidden Recording Devices

Labor publications don't often quote *The Wall Street Journal* at any length, but a recent article on the uses of hidden recording devices has been picked up and expanded upon by a number of union journals.

The Machinist, for example, quotes from *The Wall Street Journal* on the use of recording devices during negotiations:

"The tiny recorders and their microphones, made to resemble tie bars or lapel buttons, also are finding much use in give-and-take labor negotiations. . . . They sometimes are planted in rooms where labor negotiators are planning strategy."

Union News, official organ of the Oil, Chemical and Atomic Workers, issues a warning to union negotiators:

"To union men, the dangers are clear but not new, for labor has had to be wary of wiretapping and hidden microphones for years. But greater and greater use of midget recorders does mean that unions will have to be more careful than ever."

"Right to Work" Chosen as College Debate Topic

"The 'halls of ivy' will soon be echoing with arguments long familiar to union members," reports *The Machinist*. The Speech Association of America has chosen as this year's official debate question, "Resolved: that the requirement of membership in a labor organization as a condition of employment should be made illegal."

According to *The Machinist*, these debates may be of considerable benefit to unionism, since student debaters must be prepared to argue either side of the question. "This means that every student debater will have to dig into the union side of the union security question," the newspaper says. "They'll acquire more than a passing knowledge of trade union principles and trade union history."

In response to requests for literature on this topic, the AFL-CIO has prepared a speaker's kit presenting its position.

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Division of Personnel Administration

Union Membership

(Continued from page 417)

figure represents an average of the *minimum amounts* that are paid under the constitutions of these unions.

In addition, it must be remembered that these 108 unions have only 73.3% of the total declared union membership figure. The remaining 26.7% are members of eighty-three unions, many of which are smaller craft unions characterized by high dues. Also the con-

stitutions of a majority of these unions do not set any limits on the amount of dues a local may collect. (See special table available on request.)

On the other hand, offsetting the above factors that indicate an *underestimation* of union dues are two other factors which could lead to an *overestimation*. First, some union officials, for prestige purposes, tend to overestimate union membership; and membership figures are based on these official statements. Second, in some unions not all members pay the full dues rate. How this factor can affect estimates of income from union dues is pointed out by George L.

Table 4: Unions That Have Raised Dues During the 1955-1957 Period¹

Union*	Dues Raised per Month		Amount of Increase per Month
	From	To	
Air Line Pilots	\$15-\$75 Q	\$15-\$93.75 Q	\$17.25 Q max.
Air Line Stewards	6 Q	7.50 Q	1.50 Q
Auto Workers	2.50 min.	3 min.	50¢ min.
Brewery Workers	2 min.	3 min.	1 min.
Brick & Clay Workers	3	4 min.	1 min.
Carpenters	1.25 min.	2 min.	75¢ min.
Chemical Workers	2 min.	2.50 min.	50¢ min.
Die Sinkers (ind.)	3	4.25	1.25
Electrical Workers (IUE)	2.50 min.	3 min.	50¢ min.
Federal Employees (ind.)	7 yr. min.	7.50 yr. min.	50¢ yr. min.
Firemen & Oilers	2 min.	3 min.	1 min.
Garment Workers (ILGWU)	40¢ wk. min.	2.30 mo. min.	Approx. 58¢ mo. min.
Glove Workers	1.50 min.	2	50¢
Plant Guards (ind.)	2.50	3	50¢
Hatters	40-50¢ wk. min.	60¢ wk. min.	10-20¢ wk. min.
Hotel, Restaurant Workers	2.50 min.	3 min.	50¢ min.
Insurance Workers	3 min.	4	1
Marine Engineers	5 min.	10	5
Marine & Shipbuilding	5 min.	10	5
Meat Cutters	75¢ min.	2.50 min.	1.75 min.
Mine, Mill (ind.)	1 min.	2.50 min.	1.50 min.
United Mine Workers (ind.)	4 min.	4.25	25¢
Molders	2 (semiskilled)	3 (semiskilled)	1
	3.50 (skilled)	4 (skilled)	50¢
Oil, Chemical and Atomic Workers	2 min.	3 min.	1 min.
Plumbers	2.25 min.	2.50 min.	25¢ min.
Railroad Yardmasters (ind.)	24 yr.	36 yr.	12 yr.
Retail Clerks	2 min.	3 min.	1 min.
Rubber Workers	2-3.50	2.75-4.50	75¢-1 max.
Inland Boatmen (SIU)	3 min.	5 min.	2 min.
Sailors Union of Pacific (SIU)	15 Q	25 Q	10 Q
Shoe Workers	35¢ wk. min.	40¢ wk. min.	5¢ wk. min.
Boot & Shoe Workers	1.75-2	2.50-3	75¢-1
Shoe & Allied Craftsmen (ind.)	40¢ wk.	50¢ wk.	10¢ wk.
Stage Employees	5.55 Q min.	6.30 Q min.	75¢ Q min.
State, County & Municipal Employees	1.50 min.	2 min.	50¢ min.
Steelworkers	3	5	2
Steelworkers (ind.)	3	5	2
Tobacco Workers	1.50	2	50¢
Tool & Die Craftsmen (ind.)	2.50	3.50	1
Transport Workers	2.50 min.	3.50 min.	1 min.
Upholsterers	2 min.	2.50 min.	50¢ (Canada)
		(Canada)	
		3 min. (U.S.)	1 (U.S.)
Utility Workers	1-2	1-3	1 max.
Wall Paper Craftsmen ¹	3 min.	4 min.	1 min.
Watchmen (ind.)	2 min.	4	2
Woodworkers	2 min.	2.50 min.	50¢ min.

*All unions are affiliated with the AFL-CIO unless otherwise indicated.

Q Quarterly

¹Applies to craftsmen only, not to unskilled categories.

Leighty, president of the Order of Railroad Telegraphers, AFL-CIO:

"If every one of the 65,500 members [in the Railroad Telegraphers] paid \$39.50 in annual dues, the receipts would be \$2,587,250 and this would be every cent the organization would receive. But not all of the 65,500 members pay \$39.50 annual dues. For example, our laws provide that after a man has been a continuous member for forty-five years he is thereafter exempted from paying dues. There are 2,386 such members from whom we have no income. It is the policy of this organization that during the time a member is serving in the armed forces of the government, his dues in the organization will be waived. There are 1,000 members in this category from whom we receive nothing in the way of annual dues. Frequently members meet with misfortune such as extended illness of themselves or members of their families that bring catastrophe to their financial standing and for reasons of this kind our subordinate divisions frequently waive the dues of the member until he is again in position to make payments. There were 900 such members whose dues during 1956 were waived. Thus we have 4,286 members of the organization from whom we received no dues whatever in 1956.

"In 1956 we had 4,528 pensioned members who pay only \$4 annual dues, making a total from them of \$18,112; we give special rates to men promoted from our ranks to official positions with the railroads, a majority of whom paid only \$20 last year. There were 337 of these from whom a total of \$6,770 in dues was received. We then have 2,204 members who are no longer in railroad service but mostly for sentiment desire to retain membership. These pay \$8 annually which made an income from them last year of \$17,632.

"Thus, we have a total of 11,355 members who either paid nothing or paid a special rate of dues. This would leave 54,145 members subject to an annual dues payment averaging \$39.50. Your report should, therefore, show an approximate annual income to this organization from all of its members of \$2,221,236." (This is the amount for this union used in the computations.)

Dues Income: 1955 vs. 1957

The \$620 million for union dues in 1957 compares with \$458 million for 1955, or an increase of \$162 million. There are three principal reasons for this in-

crease in dues revenue. First, union membership for the 191 unions has increased by almost one million. Second, dues rate data were available from 108 unions in 1957 as compared to eighty-five in 1955. And dues in many of these additional twenty-three unions are considerably higher than the 1955 average. Third, a number of unions have raised their dues.

Dues increases have occurred frequently in the past two years. Of the 191 unions surveyed, forty-five have indicated to THE CONFERENCE BOARD that they have raised their dues since 1955. The name of each of these unions, the amount it previously charged and the new dues rate are shown in Table 4. The smallest amount was a 25 cent monthly increase in the United Mine Workers, ind., bringing monthly dues up to \$4.25. The largest over-all increase was the AFL-CIO Marine Engineers Beneficial Association's \$5 a month hike in the minimum rate, bringing dues up to \$10 a month. The AFL-CIO Air Line Pilots Association increased its top dues rate from \$75 to \$93.75 a quarter—or from \$25 to \$31.25 a month. However, the new top rate only applies to pilots earning over \$19,000 a year. In addition, not all of this \$6.25 a month increase can be considered as a dues increase as this union makes dues rebates at the end of the year.

PER CAPITA TAXES

Per capita taxes are the principal source of revenue for national and international unions. Unlike dues, figures for the total per capita tax are relatively easy to compute for three reasons. First, because in the overwhelming majority of unions the per capita is a set figure per member per month and is not on a sliding scale, as are dues in many unions. Second, the per capita is generally specified in the union's constitution. And, third, for most unions the total income from per capita taxes is set forth as such in the union's financial report. And it was these per capita figures from their financial reports that were given to THE CONFERENCE BOARD by many unions.

Of the 191 unions surveyed, 142 with a declared membership of 15,843,481 specify a definite per capita tax rate for all members.

The indicated revenue of the international offices of these 142 unions is \$218,889,598 a year, if the per capita tax is paid for all members claimed by the reporting unions. The average yearly per capita tax is \$13.82 (See Table 5.) Applying this figure to the 18,363,692 declared membership of the 191 unions covered in this article gives

Table 5: Per Capita Tax Receipts to National or International Offices of 142 Unions Based on Remittance of Full Per Capita on Total Declared Membership¹

	No. of Unions	Declared Membership	Average Monthly Per Capita Tax Per Member	Average Yearly Per Capita Tax Per Member	Yearly Income	Per Cent of Total Income
Total unions	142	15,843,481	\$1.15	\$13.82	\$218,889,598	100.0
AFL-CIO ²	110	15,140,469	1.15	13.86	209,835,068	95.9
Ind.	32	703,012	1.07	12.88	9,054,530	4.1

¹This group of 142 unions includes those with a definite rate of per capita tax on all members, as well as those who, upon the Board's request, supplied actual figures for the most recent fiscal period available. It necessarily excludes all those unions that failed to supply a membership figure when queried. It includes several unions that call for a direct payment of a single rate tax to the international union by all members, in addition to local unit dues.

²The two largest unions represented in this average are the International Brotherhood of Teamsters with a declared membership of 1,368,082 and a per capita tax of 40¢ per month, and the Auto Workers with a declared membership of 1,320,513 and a per capita tax of \$1.50 per month.

Table 6: Unions That Have Raised Per Capita Taxes During the 1955-1957 Period

Union*	Dues Raised per Month		Amount of Increase per Month
	From	To	
Associated Unions (ind.)	70¢-75¢	75¢-80¢	5¢
Auto Workers	\$1.25	\$1.50	25¢
Brewery Workers	1	1.40	40¢
Brick & Clay Workers	1.50	2.50	\$1
Chemical Workers	1	1.50	50¢
Coopers	80¢	1.05	25¢
Die Sinkers (ind.)	1.75	3	1.25
Distillery, Rectifying	70¢	1	30¢
Electrical Workers (IUE)	1	1.50	50¢
Electrical Workers (UE) (ind.)	1	1.25	25¢
Elevator Constructors	1.95	3.15	1.20
Operating Engineers	1	1.10	10¢
Technical Engineers	75¢	1	25¢
Federal Employees (ind.)	50¢	60¢	10¢
Firemen & Oilers	70¢	1	30¢
Furniture Workers	75¢	90¢	15¢
ILGWU	20¢ wk.	1 mo.	13¢
Glove Workers	75¢	1	25¢
Hatters	21¢-26¢ wk.	26¢-31¢ wk.	5¢
Hotel, Restaurant Workers	40¢	60¢	20¢
Independent Union Council (ind.)	25 for 1,000-member group	40 per 1,000-member group	15 per group
Insurance Workers	2	2.25	25¢
Jewelry Workers	70¢	75¢	5¢
Letter Carriers	7 yr.	10 yr.	3 yr.
Longshoremen (ind.)	75¢	85¢	10¢
Longshoremen & Warehousemen (ind.)	75¢	1	25¢
Maintenance of Way Employees	3.50 Q ¹	4.50 per Q	1 Q
Marine & Shipbuilding	1.25	1.75	50¢
Meat Cutters	1.25	1.40	15¢
Mine, Mill Workers	1	1.25	25¢
Molders	1.45 (semiskilled)	2.75 (semiskilled)	1.30
	2.75 (skilled)	3.05 (skilled)	30¢
Musicians	1 yr.	1.40 yr.	40¢ yr.
Newspaper Guild	2.70 (wire service)	2.90 (wire service)	20¢
	1.50 (others)	1.50 (others)	
Office Employees	45¢-65¢	50¢-70¢	5¢
Oil, Chemical and Atomic Workers	1.35	1.50	15¢
Packinghouse Workers (ind.)	20¢	35¢	15¢
Pulp, Sulphite	1.25	1.50	25¢
Photo Engravers	3.50	4	50¢
	(Journeyman)	(Journeyman)	
Plasterers	1.25	1.35	25¢
Plumbers	1.25	1.50	25¢
Post Office Clerks	6 yr.	8 yr.	2 yr.
Post Office Motor Vehicle Emp. (ind.)	90¢	85¢	15¢
Postal Supervisors	6 yr.	7 yr.	1 yr.
Plate Printers	2.25 Q	2.75 Q	50¢ Q
Printing Pressmen	75¢-\$5.70	75¢-\$6.20	50¢ max.
Railroad Signalmen	3.50 Q	4.50 Q	1 Q
Railroad Telegraphers	12 yr. (members in active service)	16 yr. (members in active service)	4 yr. (members in active service)
Retail Clerks	75¢	85¢	10¢
Federation of Salaried Unions (ind.)	40¢	50¢	10¢
Shoe Workers	1	1.25	25¢
Shoe & Allied Craftsmen (ind.)	32¢ wk.	37¢ wk.	5¢ wk.
Siderographers	60¢	1	40¢
Stage Employees	3.75 Q	4.50 Q	75¢ Q
State, County & Municipal Employees	50¢ "basic min."	65¢ "basic min."	10¢ "basic min."
Steelworkers	1.50	2.50	1
Steelworkers (ind.)	1.50	2.50	1
Stereotypers ²	2.25	2.50	25¢
Street, Elec. Railway Workers	1.50	1.60	10¢
Telegraphers	40¢	50¢	10¢
Tobacco Workers	75¢	1	50¢
Doll & Toy Workers	50¢	60¢	10¢
Transport Workers	75¢	1.25	50¢
Utility Workers	50¢	65¢	15¢
Wall Paper Craftsmen ²	2.50	3.50	1
Watchmen (ind.)	30¢	45¢	15¢

*All unions are affiliated with the AFL-CIO unless otherwise indicated.

¹Applies to journeymen only.²Applies to craftsmen only.

Q Quarterly

\$253,786,223.44 as the possible yearly revenue of international union treasuries.

The 1957 figure of \$254 million compares with per capita revenue of \$229 million in 1955. The increase of \$25 million reflects a declared membership increase of one million and the higher per capita tax charged by almost one-third of the unions. However, in reporting on actual per capita payments, it is important to note that many unions revised downward the figure arrived at by multiplying declared membership by their per capita taxes. The Oil, Chemical and Atomic Workers International Union, AFL-CIO, for example, gives two reasons for the difference between the per capita collected by the union and its membership report, which would indicate a higher revenue figure. This union says:

"There are two reasons for this difference, one being that we do not collect per capita on members who are on strike or out of work. Next, there is a lag of two to three months in the removal from the membership list of persons who are suspended, either through leaving employment or nonpayment of dues. Therefore, our membership list always shows the new additions immediately and fails to show the suspensions for as long as three months."

The AFL-CIO Marine and Shipbuilding Workers' union points out that only members employed for forty hours in a month pay dues. Thus, they say, a local union may have 3,000 members, but only 1,000 may be paying dues in any month. Figuring on a basic twelve-month membership period per person, which is never the case in the shipbuilding industry, this union had 31,000 members. However, actual membership varied between 40,000 and 50,000. The AFL-CIO Cigar Makers' union has a similar provision. Its constitution provides that when a member works ten days or less in a month, then he is exempt from the payment of dues for that particular month. The union's secretary, Otto C. Dehn, writes that "since the cigar industry has its good and bad seasons," actual per capita was \$58,203.11 instead of \$81,000, which it would have been if all members paid full dues.

In a few unions, however, the per capita figure runs higher than actual membership. For example, Anthony G. Weinlein, director of research and education of the Building Service Employees International Union, AFL-CIO, writes: "The total per capita tax received by this international union during the year ending March 31, 1957, amounted to \$1,991,755.92. At 70 cents per member per month, this amounts to just over 237,000 members. I think, however, that a closer estimate of our membership during that year was 235,000, since a change in the method of paying the per capita tax may have made it look as though we had a few additional members."

Sixty-five unions, or almost one-third of the 191 unions surveyed, increased the amount of their per capita taxes since 1955. In most cases the amount of

increase was very nominal, with the great majority falling in the 10 cents to 25 cents a month range. The lowest per capita increase was 5 cents a month, with this boost secured by the independent Associated Unions, and the Hatters and Jewelry Workers, both AFL-CIO. The highest increase was the Die Sinkers' \$1.25 a month. The names of all sixty-five unions that increased their per capita, the amount they previously charged and their new rate are shown in Table 6.

LOCALS RETAIN MAJOR SHARE

It is clear that among the 191 unions covered by this analysis, local unions retain the major share of the dues collected. The above figures indicate that locals collect approximately \$620 million in dues a year; and per capita tax provisions earmark about \$254 million of this for the international unions. Thus, considerably more than half of the dues receipts stay with the locals. In recent years, many international union officers have tried to get their union conventions to increase per capita taxes. The Machinists, for example, at their convention voted for an increase in per capita taxes. The union membership, however, in a referendum, voted down the increase. The same thing happened with the International Typographical Union, AFL-CIO. In a referendum, the ITU membership on October 19, 1957, defeated a proposed constitutional amendment increasing the per capita tax from \$1 to \$1.50 per month.

The Steelworkers, on the other hand, in their convention voted to increase dues to \$5 and per capita to \$2.50 a month. There was, however, no referendum vote on this increase. Furthermore, newspapers in steel areas report considerable resentment by union members to the increase in dues.

JAMES J. BAMBRICK, JR.

MARIE P. DORLANDT

Division of Personnel Administration

Labor Institutions and Economics—The first part of this book, labeled "Organized Labor, Management, and Collective Bargaining," defines the structure and goals of both management and labor; it analyzes the processes and results of collective bargaining, and discusses the effect of public policy and current legislation on bargaining. There is detailed discussion of the long-term prospects of such important developments as the AFL-CIO merger, the increasing use of automation in industry, and guaranteed annual wage agreements. The growing importance of union functions such as health, housing, and education are also considered. The second part of the book—"Labor Economics"—presents an analysis of the facts and forces in wage determination and the problem of security. *By Alfred Kuhn, Rinehart & Company, Inc., New York, New York, 1956, 616 pp., \$6.50.*

Significant Labor Statistics

Item	Unit	1957							Year Ago	Percentage Change	
		Oct.	Sept.	August	July	June	May	April		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Indexes											
All Items (NICB)	1953 = 100	105.4	105.3	105.1	104.8	104.5	104.1	103.9	102.7	+0.1	+2.6
Food	1953 = 100	103.5	103.6	103.5	102.8	102.0	101.1	100.6	100.8	-0.1	+2.7
Housing	1953 = 100	106.0	105.7	105.5	105.5	105.5	105.4	105.4	103.4	+0.3	+2.5
Apparel	1953 = 100	102.0	101.8	101.5	101.2	101.2	101.2	101.2	100.5	+0.2	+1.5
Transportation	1953 = 100	107.4	107.6	107.6	107.6	107.5	107.4	107.4	104.1	-0.2	+3.2
Sundries	1953 = 100	108.3	108.0	107.7	107.2	106.7	106.5	106.3	105.0	+0.3	+3.1
Purchasing value of dollar	1953 dollars	94.9	95.0	95.1	95.4	95.7	96.0	96.2	97.4	-0.1	-2.6
All Items (BLS)	1947-1949 = 100	121.1	121.1	121.0	120.8	120.2	119.6	119.3	117.7	0	+2.9
Employment Status ¹											
Civilian labor force	thousands	p 68,513	68,225	68,994	70,228	69,842	67,893	66,951	68,082	+0.4	+0.6
Employed	thousands	p 66,005	65,674	66,385	67,221	66,504	65,178	64,261	66,174	+0.5	-0.3
Agriculture	thousands	p 6,837	6,518	6,823	7,772	7,534	6,659	5,755	7,173	+4.9	-4.7
Nonagricultural industries	thousands	p 59,168	59,156	59,562	59,449	58,970	58,519	58,506	59,000	A	+0.3
Unemployed	thousands	p 2,508	2,552	2,609	3,007	3,337	2,715	2,690	1,909	-1.7	+31.4
Wage Earners ^{2,3}											
Employees in nonagr'l establishm'ts	thousands	p 53,078	r 53,132	r 52,891	52,605	52,881	52,482	52,245	52,952	-0.1	+0.2
Manufacturing	thousands	p 16,767	r 16,884	r 16,955	16,710	16,852	16,762	16,822	17,238	-0.7	-2.7
Mining	thousands	p 848	r 855	r 862	857	858	835	833	836	-0.8	+1.4
Construction	thousands	p 3,205	r 3,287	r 3,305	3,275	3,232	3,082	2,906	3,296	-2.5	-2.8
Transportation and public utilities	thousands	p 4,157	r 4,206	r 4,215	4,199	4,181	4,156	4,153	4,189	-1.2	-0.8
Trade	thousands	p 11,729	r 11,617	r 11,499	11,493	11,505	11,411	11,428	11,445	+1.0	+2.5
Finance	thousands	p 2,351	r 2,360	2,389	2,390	2,359	2,329	2,320	2,315	-0.4	+1.6
Service	thousands	p 6,550	r 6,540	r 6,509	6,524	6,551	6,520	6,432	6,343	+0.2	+3.3
Government	thousands	p 7,471	r 7,383	r 7,157	7,157	7,343	7,387	7,351	7,290	+1.2	+2.5
Production and related workers in mfg. employment											
All manufacturing	thousands	p 12,907	r 12,976	r 13,024	12,788	12,955	12,894	12,960	13,465	-0.5	-4.1
Durable	thousands	p 7,402	r 7,384	r 7,476	7,432	7,603	7,600	7,635	7,788	-0.8	-5.0
Nondurable	thousands	p 5,505	r 5,592	r 5,548	5,356	5,352	5,294	5,325	5,677	-1.6	-3.0
Average weekly hours											
All manufacturing	number	p 39.5	40.0	40.0	39.7	40.0	39.7	39.8	40.7	-1.25	-2.9
Durable	number	p 39.8	40.3	40.3	40.0	40.6	40.2	40.5	41.4	-1.2	-3.9
Nondurable	number	p 39.1	r 39.6	39.5	39.4	39.2	38.9	38.8	39.7	-1.3	-1.5
Average hourly earnings											
All manufacturing	dollars	p 2.08	2.08	2.07	2.07	2.07	2.06	2.06	2.02	0	+3.0
Durable	dollars	p 2.22	r 2.22	2.20	2.20	2.19	2.18	2.18	2.15	0	+3.3
Nondurable	dollars	p 1.90	r 1.90	1.88	1.90	1.89	1.88	1.87	1.83	0	+3.8
Average weekly earnings											
All manufacturing	dollars	p 82.16	83.20	82.80	82.18	82.80	81.78	81.99	82.21	-1.25	-0.1
Durable	dollars	p 88.36	r 89.47	88.66	88.00	88.91	87.64	88.29	89.01	-1.2	-0.7
Nondurable	dollars	p 74.29	r 75.24	74.26	74.86	74.09	73.13	72.56	72.65	-1.3	+2.3
Straight time hourly earnings (estimated)											
All manufacturing	dollars	p 2.03	2.02	2.01	2.02	2.01	2.01	2.01	1.96	+0.5	+3.6
Durable	dollars	p 2.16	2.14	2.13	2.14	2.12	2.12	2.11	2.07	+0.9	+4.3
Nondurable	dollars	p 1.86	1.85	1.84	1.86	1.85	1.84	1.83	1.79	+0.5	+3.9
Turnover Rates in Manufacturing ²											
Separations	per 100 employees	p 4.0	r 4.4	4.0	3.2	3.0	3.4	3.3	3.5	-9.1	+14.3
Quits	per 100 employees	p 1.3	r 2.2	1.9	1.4	1.3	1.4	1.3	1.7	-40.9	-23.5
Discharges	per 100 employees	p 0.2	r 0.2	0.3	0.2	0.2	0.3	0.2	0.3	0	-33.3
Layoffs	per 100 employees	p 2.3	r 1.8	1.6	1.4	1.1	1.5	1.5	1.3	+27.8	+76.9
Accessions	per 100 employees	p 2.8	r 3.3	3.2	3.2	3.9	3.0	2.8	4.0	-15.2	-30.0

¹ Bureau of the Census. Beginning with January, 1957, employment status figures reflect slightly modified definitions of employment and unemployment.

² Bureau of Labor Statistics.

³ The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1955 benchmark levels. The benchmark level is the total count of workers

covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since February, 1956.
p Preliminary. r Revised. A Less than .05% change.

Price Rise Slows Down

The monthly picture is followed by a look at price trends in four cities from 1953 to October of this year. Similarities and differences are noted

THE OCTOBER, 1957, retail price level was virtually unchanged from the previous month, according to THE CONFERENCE BOARD'S consumer price index. The 0.1% increase recorded by the United States all-items index was the smallest of the preceding six months. At 105.4 (1953=100) the index was 2.6% above the October, 1956, level.

The purchasing value of the consumer dollar, at 94.9 cents (1953 dollar=100 cents) declined 0.1 cent over the month. Over the year, the total loss in buying power was 2.6 cents on the dollar.

Declines in two index components in October were not quite sufficient to balance higher prices for the three remaining major groups. Food prices, off a slight 0.1%, and transportation costs, dropping 0.2%, were more than balanced by the 0.2% rise in apparel prices, and the 0.3% advance for both housing and sundries costs.

THE GROUPS THAT DECLINED

Food costs, an important part of the consumer's budget, have been spiraling upward since March, 1957, until this month's decline halted the trend. However this was only after food had gained 3.2% in the March-September period.

Mainly responsible for the October decline were the lower prices for meats and fruits and vegetables. The meat, fish and poultry index was off 1.1%, as pork prices dropped 2.4% this month, partly cancelling the recent price rises for this meat. Poultry was also down substantially, putting prices at a level 1.9% lower than they were in October, 1956. Beef prices were down fractionally. The only group to rise was fish, which was up a slight 0.1%. Fruits and vegetables, moving down seasonally for three consecutive months, were 1.3% less in October. All groups in this index were down except canned and frozen fruits. Fresh fruits dropped 0.9%, with lower prices prevailing for many items. The 2.3% drop for potatoes in October (they were down 7.9% over the year) sent fresh vegetables 3.2% below the previous month. The "other food" group was off 0.9%, as coffee prices were cut 3.2% and sugar was also reported slightly lower.

Partially offsetting these declines were the advances for dairy products and eggs (up 2.4%) and cereal and bakery products (up 0.3%). Contributing to the rise

for dairy products were increases for fresh milk and butter. Fresh milk prices, after a steady decline during the early months of 1957, have risen 4.0% since June; and in October they were 2.6% above a year ago. The advance of 1.5% for butter over the month brought prices to 3.1% above last year's level. The most substantial increase in the index was the 7.4% jump for eggs. The upward movement of cereal and bakery products was the result of scattered increases in all parts of the index.

The transportation index was off slightly for the first time in six months. The 0.2% decrease can be attributed to lower automobile transportation costs, which declined seasonally as the market awaited the new car models. Public transportation costs, which had exerted a steady influence on the index in the preceding months, were unchanged in October.

THE GROUPS THAT INCREASED

Housing and sundries costs, each increasing 0.3%, continued to follow an upward path. An 0.5% advance in rents provided the main impetus for the advance in housing. Seasonally higher fuel prices sent the fuel, power and water index up, although gas and electricity rates were almost unchanged from last month. Furnishings and equipment and household operations rose 0.2% and 0.5%, respectively.

The sundries index was up as all groups advanced except alcoholic beverages, which had registered heavy increases in the previous eight months. Personal care items and newspapers were substantially higher. Recreation costs and medical care rose to a lesser extent. Apparel costs, which had been very stable during the spring and early summer, moved up for the third consecutive month. Women's apparel cost 0.2% more and men's clothing prices rose 0.1%. These increases were augmented by higher charges for dry cleaning, shoe repair and clothing materials.

OVER THE YEAR

Compared with a year ago, consumers had to pay more for all the groups of items that make up the index. Transportation costs moved ahead 3.2%. Following closely behind was the 3.1% rise in sundries. Food costs rose 2.7%. Housing was up 2.5%. And the smallest advance—1.5% was registered by apparel.

Consumer Price Index—United States

Cities over 50,000 population

1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vege- tables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Electricity
1956 April.....	101.0	97.0	87.2	104.9	94.7	102.4	106.4	102.6	107.5	105.7 _r	109.1 _r	102.0
May.....	101.2	97.7	88.5	105.0	94.4	105.6	106.7	102.6	107.6	105.3 _r	109.1 _r	102.0
June.....	101.7	99.2	89.9	105.3	94.3	112.1	107.4	102.7	107.7	105.3 _r	108.9 _r	102.0
July.....	102.1	100.1	90.9	105.5	95.1	114.2	108.0	102.8	107.9	103.9	106.0	102.0
August.....	102.3	100.4	92.5	105.7	96.5	100.8	108.5	103.0	108.0	104.0	106.1	102.0
September.....	102.4	100.3	93.6	105.8	97.4	105.8	109.1	103.3	108.1	104.3	106.5	102.0
October.....	102.7	100.3	95.1	106.4	99.0	102.7	109.7	103.4	108.4	104.7	106.5	102.4
November.....	103.2	100.5	93.5	106.6	99.7	102.1	110.1	103.6	108.5	105.3	106.8	102.4
December.....	103.2	100.5	92.6	106.8	99.1	103.3	110.4	103.7	108.6	105.5	106.5	102.4
1956 Annual Average...	101.9	99.0	90.7	105.6	96.8	105.2	107.8	102.9	107.8	105.0 _r	107.7 _r	102.1
1957 January.....	103.4	100.2	91.7	107.1	97.8	104.1	110.8	104.5	108.7	107.8	109.5	102.2
February.....	103.6	100.5	92.4	107.7	97.2	104.8	111.1	104.8	108.9	108.6	109.5	102.2
March.....	103.7	100.4	92.5	108.1	96.4	104.2	111.1	105.2	108.9	108.7	109.6	102.2
April.....	103.9	100.6	93.1	108.6	95.6	105.2	111.0	105.4	109.4	108.8	109.4	102.2
May.....	104.1	101.1	93.9	108.9	94.7	108.7	110.2	105.4	109.5	108.5	109.5	102.3
June.....	104.5	102.0	95.7	109.3	94.0	111.3	110.0	105.5	109.6	108.3	109.4	102.4
July.....	104.8	102.8	97.2	109.6	95.0	111.9	110.0	105.5	110.1	106.6	106.7	102.7
August.....	105.1	103.5	99.9	109.8	97.4	108.2	110.0	105.5	110.2	106.4	106.8	102.7
September.....	105.3	103.6	100.3	109.9	99.6	105.4	110.0	105.7	110.3	106.6	107.0	102.7
October.....	105.4	103.5	99.2	110.2	102.0	104.0	109.0	106.0	110.9	106.9	106.9	102.7

	HOUSING (continued)		APPAREL			TRAN- SPOR- TATION	SUNDRIES	PUR- CHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnish- ings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939 = 100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1956 April.....	99.3	102.2	99.6	100.1	98.3	104.4	103.7	99.0	183.5	54.5	115.0
May.....	99.1	102.4	99.7	100.3	98.2	104.1	103.8	98.8	183.9	54.4	115.2
June.....	99.1	102.4	99.9	100.5	98.3	103.9	103.9	98.3	184.7	54.1	115.8
July.....	99.0	102.8	100.0	100.7	98.2	104.0	104.2	97.9	185.4	53.9	116.2
August.....	98.9	103.0	100.2	101.1	98.3	103.9	104.5	97.8	185.8	53.8	116.4
September.....	99.3	103.6	100.3	101.6	98.2	104.1	104.7	97.6	186.0	53.8	116.6
October.....	99.3	103.6	100.5	101.7	98.3	104.1	105.0	97.4	186.5	53.6	116.9
November.....	99.5	103.7	100.7	102.0	98.3	107.7	105.2	96.9	187.3	53.4	117.4
December.....	99.8	103.8	100.7	102.1	98.2	107.9	105.4	96.9	187.5	53.3	117.5
1956 Annual Average...	99.3	102.8	100.0	100.8	98.2	105.0	104.2	98.1	185.1	54.0	116.0
1957 January.....	99.8	104.5	100.8	102.3	98.2	107.3	105.5	96.7	187.8	53.3	117.7
February.....	100.0	104.8	100.9	102.3	98.4	107.7	105.8	96.5	188.2	53.1	117.9
March.....	100.4	105.2	101.0	102.4	98.5	107.3	106.1	96.4	188.4	53.1	118.1
April.....	100.5	105.3	101.1	102.5	98.5	107.4	106.3	96.2	188.7	53.0	118.3
May.....	100.4	105.5	101.2	102.6	98.5	107.4	106.5	96.0	189.1	52.9	118.5
June.....	100.5	105.6	101.2	102.6	98.5	107.5	106.7	95.7	189.7	52.7	118.9
July.....	100.4	105.9	101.2	102.6	98.4	107.6	107.2	95.4	190.3	52.6	119.2
August.....	100.3	106.4	101.5	102.7	98.7	107.6	107.7	95.1	190.9	52.4	119.6
September.....	100.8	106.6	101.8	102.8	99.3	107.6	108.0	95.0	191.2	52.3	119.9
October.....	101.0	107.1	102.0	102.9	99.5	107.4	108.3	94.9	191.4	52.2	120.0

Consumer Price Index—United States

Annual Averages 1914-1956*

1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914.....	40.3	243.1	1925.....	67.8	147.5	1936.....	54.8	182.5	1947.....	84.7	118.1
1915.....	40.0	250.0	1926.....	68.3	146.4	1937.....	57.2	174.8	1948.....	90.1	111.0
1916.....	43.0	232.6	1927.....	66.9	149.5	1938.....	55.7	179.5	1949.....	88.8	112.6
1917.....	51.3	194.9	1928.....	65.9	151.7	1939.....	55.0	181.8	1950.....	90.0	111.1
1918.....	59.5	168.1	1929.....	65.6	152.4	1940.....	55.4	180.5	1951.....	97.0	103.1
1919.....	67.6	147.9	1930.....	63.4	157.7	1941.....	58.3	171.5	1952.....	99.5	100.5
1920.....	77.8	128.5	1931.....	57.0	175.4	1942.....	64.5	155.0	1953.....	100.0	100.0
1921.....	66.8	149.7	1932.....	50.9	196.5	1943.....	68.2	146.6	1954.....	100.2	99.8
1922.....	63.6	157.2	1933.....	49.0	204.1	1944.....	69.1	144.7	1955.....	100.3	99.7
1923.....	65.4	152.9	1934.....	51.8	193.1	1945.....	70.2	142.5	1956.....	101.9	98.1
1924.....	66.1	151.3	1935.....	53.6	186.6	1946.....	74.9	133.5			

* Indexes from 1914 through 1919 are for the month of July only and are not annual averages
r-Revised

Consumer Price Indexes for Individual Cities

NOTE: These indexes show changes in consumer prices only. They do not show intercity differences in price level or standard of living.

Cities Surveyed Monthly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Oct. 1957	Sept. 1957	Oct. 1956	Sept. 1957 to Oct. 1957	Oct. 1956 to Oct. 1957		Oct. 1957	Sept. 1957	Oct. 1956	Sept. 1957 to Oct. 1957	Oct. 1956 to Oct. 1957
Chicago						Los Angeles					
All Items.....	107.9	107.8	105.1	+0.1	+2.7	All Items.....	105.1	105.1	101.7	0	+3.3
Food.....	103.7	104.8	101.7	-1.0	+2.0	Food.....	103.1	103.6	99.1	-0.5	+4.0
Housing.....	111.4	110.7	109.1	+0.6	+2.1	Housing.....	104.4	104.4	101.6	0	+2.8
Apparel.....	102.7	102.2	102.0	+0.5	+0.7	Apparel.....	102.4	101.9	100.1	+0.5	+2.3
Transportation.....	109.4	109.7	103.2	-0.3	+6.0	Transportation.....	107.2	107.1	104.3	+0.1	+2.8
Sundries.....	110.6	109.7	107.4	+0.8	+3.0	Sundries.....	108.7	108.4	104.5	+0.3	+4.0
Houston						New York					
All Items.....	104.7	105.7	101.9	-0.9	+2.7	All Items.....	105.6	105.6	103.4	0	+2.1
Food.....	104.1	104.8	100.5	-0.7	+3.6	Food.....	104.1	104.5	102.3	-0.4	+1.8
Housing.....	106.3	106.2	102.9	+0.1	+3.3	Housing.....	105.9	105.7	104.1	+0.2	+1.7
Apparel.....	103.2	103.2	101.4	0	+1.8	Apparel.....	101.0	100.8	99.0	+0.2	+2.0
Transportation.....	101.1	107.4	101.7	-5.9	-0.6	Transportation.....	116.6	116.6	113.2	0	+3.0
Sundries.....	106.8	106.3	102.9	+0.5	+3.8	Sundries.....	106.2	106.0	103.3	+0.2	+2.8

Cities Surveyed Quarterly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Oct. 1957	July 1957	Oct. 1956	July 1957 to Oct. 1957	Oct. 1956 to Oct. 1957		Oct. 1957	July 1957	Oct. 1956	July 1957 to Oct. 1957	Oct. 1956 to Oct. 1957
Birmingham						Newark-N. E. N.J.					
All Items.....	103.9	103.2	101.9	+0.7	+2.0	All Items.....	104.8	104.1	101.9	+0.7	+2.8
Food.....	102.4	100.8	99.2	+1.6	+3.2	Food.....	103.5	103.5	100.8	0	+2.7
Housing.....	103.2	102.9	102.2	+0.3	+1.0	Housing.....	106.4	104.7	102.6	+1.6	+3.7
Apparel.....	102.4	101.8	102.3	+0.6	+0.1	Apparel.....	100.7	100.2	99.6	+0.5	+1.1
Transportation.....	97.9	98.0	96.7	-0.1	+1.2	Transportation.....	104.1	104.2	101.3	-0.1	+2.8
Sundries.....	112.6	112.2	109.4	+0.4	+2.9	Sundries.....	107.3	106.3	104.3	+0.9	+2.9
Bridgeport						New Orleans					
All Items.....	104.6	104.6	103.2	0	+1.4	All Items.....	105.0	105.2	102.7	-0.2	+2.2
Food.....	102.4	102.3	100.7	+0.1	+1.7	Food.....	105.1	106.1	102.1	-0.9	+2.9
Housing.....	105.2	104.3	103.1	+0.4	+2.0	Housing.....	105.3	105.2	103.0	+0.6	+2.7
Apparel.....	100.9	101.3	101.6	-0.4	-0.7	Apparel.....	102.5	101.0	101.0	+1.5	+1.5
Transportation.....	107.1	108.2	105.0	-1.0	+2.0	Transportation.....	100.4	103.5	100.3	-3.0	+0.1
Sundries.....	107.9	107.8	106.8	+0.1	+1.0	Sundries.....	108.4	107.6	106.3	+0.7	+2.0
Cincinnati						Philadelphia					
All Items.....	106.1	105.7	103.6	+0.4	+2.4	All Items.....	104.5	104.1	102.6	+0.4	+1.9
Food.....	102.2	102.4	100.2	-0.2	+2.0	Food.....	102.9	102.3	101.7	+0.6	+1.2
Housing.....	107.7	107.0	104.7	+0.7	+2.9	Housing.....	105.3	105.0	102.2	+0.3	+3.0
Apparel.....	103.7	103.3	102.6	+0.4	+1.1	Apparel.....	102.2	101.3	99.8	+0.9	+2.4
Transportation.....	105.2	106.4	102.6	-1.1	+2.5	Transportation.....	106.8	106.6	105.7	+0.2	+1.0
Sundries.....	112.3	110.1	108.7	+2.0	+3.3	Sundries.....	106.2	106.4	104.8	-0.2	+1.3
Erie						Roanoke					
All Items.....	106.2	106.0	104.3	+0.2	+1.8	All Items.....	102.8	102.1	100.3	+0.7	+2.5
Food.....	104.4	105.1	101.9	-0.7	+2.5	Food.....	99.5	98.5	97.5	+1.0	+2.1
Housing.....	106.4	106.2	104.6	+0.2	+1.7	Housing.....	103.8	103.3	101.9	+0.5	+1.9
Apparel.....	101.9	101.5	101.6	+0.4	+0.3	Apparel.....	99.9	99.9	98.7	0	+1.2
Transportation.....	105.0	104.6	103.2	+0.4	+1.7	Transportation.....	103.5	106.3	102.5	-2.6	+1.0
Sundries.....	111.9	110.8	109.5	+1.0	+2.2	Sundries.....	107.3	103.6	101.5	+3.6	+5.7
Grand Rapids						Seattle					
All Items.....	107.8	107.1	104.5	+0.7	+3.2	All Items.....	105.2	105.5	103.1	-0.3	+2.0
Food.....	103.4	107.3	104.6	+1.0	+3.6	Food.....	105.0	106.4	103.3	-1.3	+1.6
Housing.....	106.7	105.3	103.9	+0.9	+2.7	Housing.....	104.7	104.4	102.1	+0.3	+2.5
Apparel.....	104.3	104.1	102.3	+0.2	+1.5	Apparel.....	102.6	102.4	101.6	+0.2	+1.0
Transportation.....	107.3	107.6	102.9	-0.3	+4.3	Transportation.....	102.7	102.5	100.1	+0.2	+2.6
Sundries.....	111.5	110.5	107.5	+0.9	+3.7	Sundries.....	109.4	109.8	107.5	-0.4	+1.8
Minneapolis-St. Paul						Syracuse					
All Items.....	106.7	106.0	103.4	+0.7	+3.2	All Items.....	104.3	104.2	101.8	+0.1	+2.5
Food.....	107.4	106.1	103.3	+1.2	+4.0	Food.....	101.7	102.2	99.0	-0.5	+2.7
Housing.....	106.8	106.4	104.0	+0.4	+2.7	Housing.....	105.9	105.5	103.7	+0.4	+2.1
Apparel.....	102.2	101.8	101.5	+0.4	+0.7	Apparel.....	103.6	103.2	102.2	+0.4	+1.4
Transportation.....	103.9	103.9	102.0	0	+1.9	Transportation.....	105.6	105.6	102.6	0	+2.9
Sundries.....	108.8	107.8	103.5	+0.9	+5.1	Sundries.....	105.4	104.7	102.4	+0.7	+2.9

Food costs now stand at 103.5, which is 2.7% above last year. All commodity groups in the food index, except "other food," reported increases. Meat, fish and poultry was 4.3% higher, as fresh pork prices climbed 9.2% over the year. The cereal and bakery products index rose 3.6%, with dairy products and eggs following closely at 3.0%. The smallest advance was reported for fruits and vegetables. The decline of the "other food" index reflected the 9.2% drop in coffee.

The 2.5% rise in the housing index was the result of increases in all components. Advances ranged from 3.4% for household operations to 1.7% for housefurnishings.

Over the year, men's and women's clothing were each 1.2% higher. During the same period, a 3.8% price hike was recorded for clothing service charges.

Higher transportation costs reflected increases for public transportation rates and automobile maintenance. All parts of sundries have moved ahead since October, 1956. The greatest changes were registered by alcoholic beverages and tobacco and medical care cost.

FOUR CITIES COMPARED TO U.S. INDEX

The trend of retail prices since 1953, as measured by THE CONFERENCE BOARD's consumer price index, has been upward, even though this movement was some-

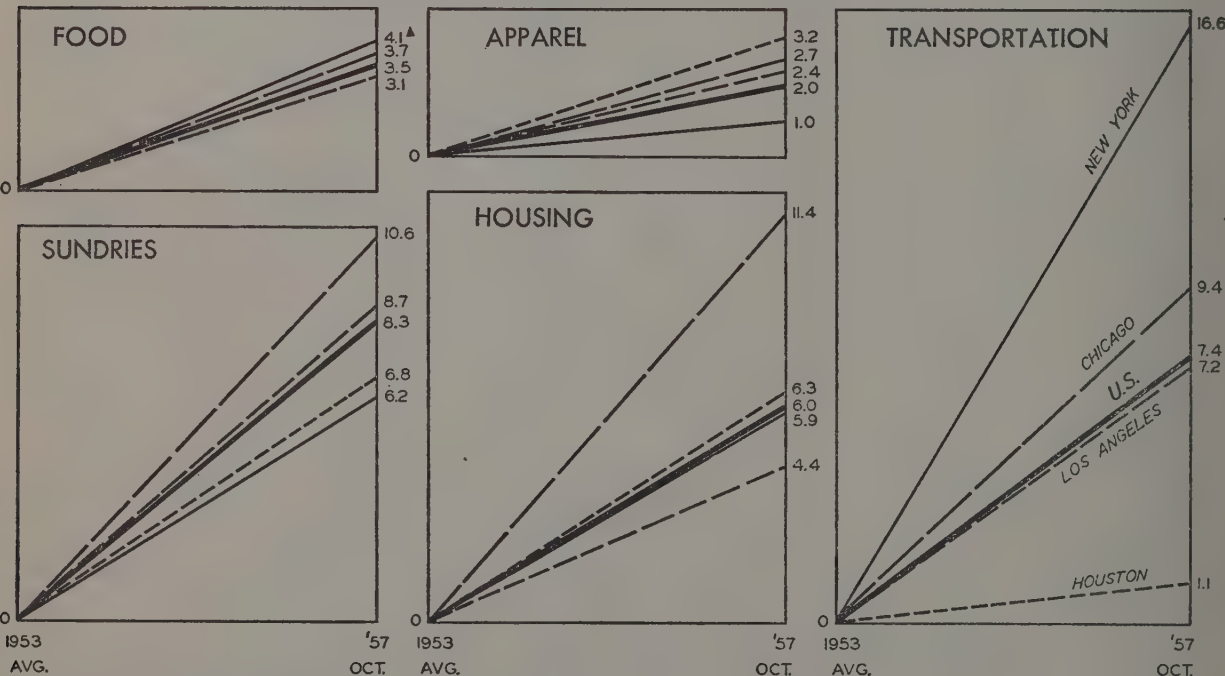
what obscured during the plateau period from 1953 to 1955. Although the focus is generally on changes in the United States all-items index and its major component groups, the same over-all price movements are observable in the forty individual city indexes. Of course, because of the influence of local conditions, the movement of retail prices at the city level has not always followed the identical trend of the national index, as well as to each other. The total gain from sometimes are not in line with the national average. For instance the use of city sales taxes may account for divergencies. Or deviations may be ascribed to differences in the timing of local fare increases, or decontrol of rents, or even to varying levels of business activity.

In order to demonstrate the differences and similarities in price movement, four cities—Chicago, Houston, Los Angeles and New York—have been compared with each other and with the United States average.

Except for Chicago, these city indexes are fairly close to the movement of the United States all-items index, as well as to each other. The total gain from 1953 to October, 1957, for the country was 5.4%. This compares with a 5.6% gain for New York; 5.1% for Los Angeles; and slightly less than 4.7% for Houston. The 7.9% gain for Chicago obviously is above the rise for the other three cities.

The price movements in these cities since 1953 have also followed a similar trend except for Chicago. Prices

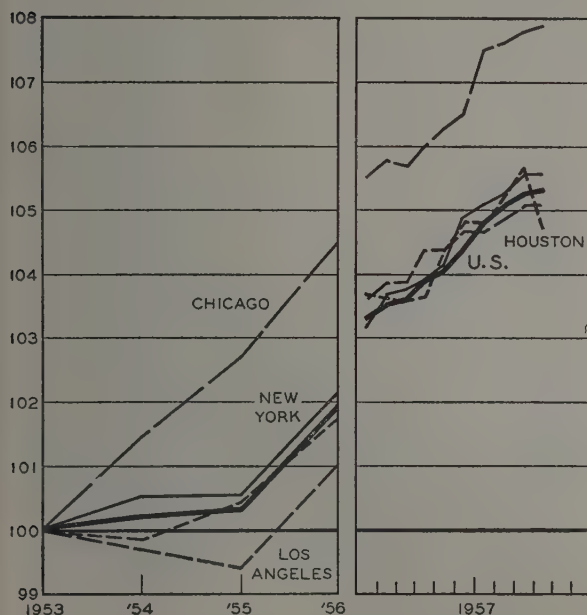
Per Cent Increases in United States All-Items Index and Component Indexes in Four Cities, 1953 to October, 1957



▲Represents both New York and Houston.

United States All-Items Index Compared to Four Selected Cities

1953 = 100



remained level until the latter part of 1956; then they trended upward and have continued this pattern into 1957. The index for Chicago, however, started up in 1954 and just began to level off in October, 1957.

Food costs have risen almost the same amount in all four cities. The rise in the United States food index has been 3.5%, with New York, Houston and Chicago slightly higher. Los Angeles, which dropped 0.5% in October, slipped below the other cities. During 1957, food prices in the United States as a whole were up 3.0%, with Los Angeles slightly higher and the other three cities below that figure.

The 11.4% change in housing costs for Chicago stands well above the 6.0% national increase. Primarily responsible for this difference is the more than 30% advance in Chicago rents. The total change in the other cities ranged from 4.4% for Los Angeles to 6.3% for Houston. Rents in these cities have risen very little since 1953.

The increase in apparel costs was 2.0% nationally, while New York rose only 1.0%. Houston, on the other hand, showed the greatest advance, moving up 3.2%. Los Angeles and Chicago increased 2.4% and 2.7%, respectively. All the indexes fell off after 1953, with recovery not starting until the latter part of 1955. Apparel prices, which had been weakest in New York, did not move above the base year level until August, 1957. The greatest gain during 1957 was the 2.4% rise registered in Los Angeles. This compares with a general apparel increase of 1.3%.

The rates of change in the city transportation indexes reflect in large part the local public transportation situation. The index for New York, which felt the pressure of a fare hike, is now 116.6 while nationally the figure is 107.4. Houston, on the other hand, only advanced 1.1% during the entire period.

The increase for sundries was again greatest in Chicago. With all parts of the sundries index rising, the Chicago gain was 10.6%, with the United States change only 8.3%. Of the four cities, Chicago is the only one to have larger increases in all the commodity groups than the national average.

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Patents and Inventions

(Continued from page 427)

White Heat Products Company vs. Thomas¹ involved an employment contract in which an inventor had agreed to surrender to the company any invention he might conceive during the year after his employment ended. But the contract also made it plain that this restriction was to apply only to inventions directly related to work done during employment; and it was on the basis of this provision that the court decided the case. Thomas had invented something during the year following his departure from the company. The court found that this invention was not sufficiently related to the work he had done as the company's employee to justify requiring him to turn patent rights over to the company. The question of the company's right to impose the one-year restriction with regard to inventions related to employment was not even discussed.

Such a one-year restriction was discussed in the case of National Cash Register Company vs. Remington Arms Company, Inc.² But no clear-cut decision was reached on the restriction's validity in this case either.

The facts of the case boil down to these essentials. An inventor named Fuller signed a one-year employment contract with National on March 15, 1909. In it he agreed that if he left National's employ at the end of the contract—National being willing to retain him at the then existing salary—he would (1) not enter the service of any other cash register company for the period of a year following the severance of his connection with National, and (2) assign to National any invention in cash registers which he might make during the year after he left National.

National did not renew this contract by the deadline date of March 14, 1910, and it expired by its own

¹ (1920) 266 Pa. 551, 109 A. 685.

² (1926) 242 N.Y. 99, 151 N.E. 144.

terms. But, some time later, Fuller signed a new contract with National in which he agreed that his employment was to be continued "at will," with either party having the right to terminate it without notice. This contract did not include the one-year restriction on postemployment inventions.

In September, 1917, Fuller left National and went to work for Remington. Less than a year later he had a hand in perfecting the invention of a new cash register, and he assigned patent rights to Remington. National laid claim to the invention under the one-year postemployment restriction in its original contract with Fuller. This claim was denied by the court on the ground that National had relinquished all rights to Fuller's postemployment inventions when it failed to renew its original contract with him by March 14, 1910.

Again, therefore, the legality of a one-year restriction on postemployment inventions escaped judicial resolution. But if an inference is to be drawn from what transpired in the case it would seem to favor the validity of such a restriction. Remington freely admitted, in its brief, that National was entitled to the invention if the agreement Fuller signed in 1909 was still in effect. And the court did say that the burden of proving the 1917 effectiveness of the 1909 contract rested with National. From this it might be inferred that the court would have allowed National's claim to the postemployment invention if such proof had been established.

IN SUMMARY

The courts, as has been seen, permit employers to bind their employees indefinitely with regard to post-employment improvements on inventions directly related to their employment. But such a perpetual restriction may not be applied with regard to new inventions conceived after employment ends. However, the courts do allow restrictions in this direction that run for a "reasonable" duration.¹ The Federal District Court of the Eastern District of New York said in the case of *Dry Ice Corporation of America vs. Josephson et al.*:²

"An agreement may cover a limited field of future inventions. . . . [Such an] agreement to assign future inventions, applications, and patents did not constitute a mortgage upon the future operation of a man's brain, but was intended to safeguard a particular business."

But what, precisely, is a "limited field" of coverage? Is it five years? One year? Or how long?

The top court of the land, in the case of *Dalzell vs. Dueber Watch Case Manufacturing Company*³, announced this guiding principle:

¹ *Guth vs. Minnesota Mining and Manufacturing Company*, (CCA-7, 1934) 72 2nd 385; cert. denied, (1935) 294 U.S. 711.

² (1930) 43 F.2d 408.

³ (1893) 149 U.S. 315, 13 S. Ct. 886, 37 L. Ed. 749.

"If a contract is palpably unfair and inequitable and complainant is attempting to enforce an unconscionable bargain, it is not entitled either to the equitable remedy of injunction or of specific performance."

In applying this principle to patent agreement contracts, the courts generally have held such contracts "palpably unfair and inequitable" if they:

- Mortgaged the inventor's brain without limit as to time or space;
- Deprived him of a means of livelihood; or
- Afforded him inadequate consideration for what he signed away.

On the other hand, the courts invariably regard a reasonable salary as adequate consideration. What's more they show every consideration for the right of companies to safeguard their continued existence. And this right could be seriously endangered if companies were not allowed to protect their investment in inventor employees for a reasonable period of time after employment ends.

J. ROGER O'MEARA

Division of Personnel Administration

Management Bookshelf

The Investment and Administration of Profit Sharing Trust Funds—The number of deferred profit sharing plans inaugurated by business firms has risen sharply in the past few years. This research study presents factual information on the handling of these trust funds. The survey data are presented on the basis of company size—ranging from companies with 100 or less employees to those with 5000 or more. The study is designed to assist the administrators of profit sharing trusts in evaluating their investment policies, operating performance, and reporting methods. Trust investment in the company's own securities and the legal and tax problems this creates are also discussed. The book includes helpful information on services available from other institutions such as investment counselors, banks, mutual funds, insurance companies, pooled trusts and brokers. *By J. J. Jehring, The Profit Sharing Research Foundation, Evanston, Illinois, 1957, 152 pp. \$3.50*

How To Grow in Management—The author describes his book as a "road map" for the man who wants to advance to a better job. The route he charts calls for mastering four basic principles essential to the successful executive—the broad principles of leadership, the human relations factor in executive ability, decision making, and communications. The principles are dramatized by more than one hundred illustrative examples based on actual cases. The book concludes with two comprehensive self-evaluation tests designed to permit the reader to "judge his management potential and to appraise his skills, talents and abilities." *By James Menzies Black, Prentice-Hall, Inc., New York, New York, 1957, 246 pp., \$4.95.*

Significant Pay Settlements in the United States

New Productivity Provisions Negotiated by Leather Manufacturers

In coming to grips with "the serious competitive problem confronting the parties to this agreement," the Massachusetts Leather Manufacturers' Association and the Leather Workers' Union have settled on a contract designed "to achieve maximum efficiency and productivity consistent with the health and physical well-being of the employees."

To this end, management and the union have agreed that day rate jobs are to be converted to piece rates wherever possible. The productivity clause spells out detailed procedures to be followed for the duration of the contract. Industrial engineering methods, including time study, will be used for setting new rates, changing individual existing piece rates, determining more efficient production methods, and reducing excess costs.

At the same time, hourly rates are increased by 6 cents and all piece rates are adjusted so that straight-time daily earnings are increased by 48 cents. In addition, company contributions to a pension fund will be started in January at 2 cents an hour and increased by another 5 cents an hour next September. Three cents per hour is also added to the insurance program in order to maintain current benefits.

Detroit Milk Companies Negotiate Compulsory Retirement

In an agreement between seventeen Detroit Milk companies and the United Dairy Workers, retirement becomes compulsory for all employees who are sixty-five years of age or over in June, 1958. However, provision is made for appeal to a pension committee for extension of the retirement date in cases where compulsory retirement would result in financial hardship for the employee. Company contributions to the pension fund are increased \$5 a month under the new agreement.

Other features of the contract include an 8 cents an hour increase to hourly rated employees, with another 4-cent increase next year. Sales employees receive a commission increase equivalent to 8 cents an hour, and milk tank drivers a 20-cent hourly increase, 12 cents of which is an inequity adjustment. In addition, shift premiums are advanced 2 cents to 7 cents an hour. A cost-of-living formula added to the contract calls for a penny an hour adjustment for each half point change in the BLS index beginning March, 1958. The companies also agree to pay the full Blue Cross or hospital insurance premium for the employee

himself (dependents not included). The two-year contract covers some 2,800 employees.

Flight Engineers and Transport Workers Get Increased Pay

Pan American World Airways has concluded separate agreements with the Transport Workers Union and the Flight Engineers' International Association, AFL-CIO, which increases rates of pay for both groups. Under the Flight Engineers' contract, salaries are increased an average of 10%, retroactive to June 1, 1957. The agreement also provides for an additional increase of 20% in December, 1958, to flight engineers on jet aircraft. Some 600 employees are covered by this contract which expires in June, 1960.

The contract with the Transport Workers Union increases wage rates 18 cents an hour, or 8.5% on the average, for mechanics, ground service employees and port stewards. Flight-service, salaried employees get an increase of \$31 a month. This represents an average increase of 9.5%. Also, the contract provides for two additional step progressions in the wage structure for flight-service occupations. Each additional step covers a six-month period and increases monthly rates by \$10. Some inequity adjustments are also provided for hourly rated workers. Under the new agreement, disability benefits are extended to forty-five days (coverage had been for thirty days). A total of 8,300 employees are covered by the Transport Workers' agreement, which may be reopened next December.

Paper Converter Settlement

In an agreement between the United States Envelope Company and the Papermakers and Paperworkers, AFL-CIO, wage rates are increased 8 cents an hour, or an average of 4.4%. In addition, some classification adjustments are made. Improvements in fringe benefits include liberalized vacation schedules and an eighth paid holiday.

Three group insurance coverages also are improved. Group life insurance now provides that employees earning under \$70 a week get \$2,000 and those earning \$70 a week or more get \$2,500. Under the previous contract, everyone received \$1,500. Hospital benefits for employees and dependents are increased to \$15 a day for 120 days. These had been \$12 a day for sixty days. And other hospital charges are increased by \$60, to \$300. Also, weekly disability insurance benefits are increased to \$30 for those earning less than \$70 a week and to \$35 for those earning \$70 a week or more.

Recent Significant Pay Settlements in the United States

Verified by The Conference Board

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Durable Manufacturing—Machinery		
Lamb Electric Co. (Div. of American Machine & Metals, Inc.) with <i>IAM</i> at Kent, Ohio. 600-700 hourly Effective 7-1-57 (signed 9-12-57). Contract expired New contract: 2 years	6.6¢ per hour average increase (3.55%) Deferred increase: 6.6¢ per hour average increase (3.55%) 7-12-58	Added: Cost of living adjustment Revised: Basic medical plan, health and life insurance for retired, insured disability and holiday pay
Whirlpool Corp. (St. Joseph Div.) with <i>IAM</i> at St. Joseph and Benton Harbor, Mich. 1,500 hourly Effective 9-9-57. Contract expired New contract: 2 years	7.5¢ per hour average increase (2.8%)	Revised: Normal pension benefit
Worthington Corp. with <i>UE (ind.)</i> at Holyoke, Mass. 600 hourly Effective 9-1-57. Contract expired New contract: 2 years	11¢ per hour general increase (4% average) Deferred increase: 5¢ per hour 6-1-58; 7¢ per hour 9-1-58	Added: Normal pension benefit and disability pension, vacation pay, paid jury duty and funeral leave, cost of living adjustment
Yale & Towne Mfg. Co. with <i>IAM, Operating Engineers and Office Employees</i> at Philadelphia, Pa. 2,000 hourly Effective 8-31-57 (signed 9-3-57). Contract expired New contract: 2 years	10¢ per hour general increase (4% average) Additional 1¢ per hour inequity adjustments Deferred increase: 10¢ per hour (4% average) 8-31-58	Added: Insured disability pay
Other Durable Manufacturing		
Borg-Warner Corp. (Ingersoll Products Div.) with <i>UE (ind.)</i> at Chicago, Ill. 600 hourly Effective 9-10-57. Contract expired New contract: 2 years	10¢ per hour average increase (4%) Deferred increase: 8¢ and 10¢ per hour average increases 9-10-58	Revised: Basic medical plan and vacation pay
Dravo Corp. (Engineering Works Div.) with <i>Marine and Shipbuilding Workers</i> at Pittsburgh, Pa. 1,100 hourly Effective 9-27-57 (signed 10-2-57). Contract expired New contract: 2 years. Reopening 9-30-58 (wages and vacations)	7% general increase (15.3¢ per hour average) Additional 5¢ per hour inequity adjustment for 16 employees	Revised: Vacation pay
Southwest Lumber Mills, Inc. with <i>Carpenters and Joiners</i> at Flagstaff and McNary, Ariz. 800 hourly Effective 9-23-57. Contract expired New contract: 1 year	No current increase 5-day workweek with 1½ time on Saturday if 6th consecutive day	Added: Holiday pay
U. S. Potters Assn. with <i>Operative Potters</i> , Interstate. 10,000 hourly Effective 10-1-57. Contract expired New contract: 2 years. Reopening date 10-58	9¢ per hour general increase	Added: Basic medical plan and paid holidays
Nondurable Manufacturing—Chemicals		
Burroughs, Wellcome & Co. with <i>Chemical Workers</i> at Tuckahoe, N. Y. 338 hourly Effective 9-1-57. Wage reopening Contract expires: 8-31-58	6% general increase (12¢ per hour average)	No change
Food Machinery and Chemical Corp. (Barium Products, Ltd.) with <i>Chemical Workers</i> at Modesto, Cal. 190 hourly Effective 9-1-57. Contract expired New contract: 1 year	6% general increase (13.74¢ per hour average) Additional classification adjustments of 88¢ per hour average	Revised: Basic hospital plan and vacation plan

Recent Significant Pay Settlements in the United States—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
R. M. Hollingshead Corp. with <i>Chemical Workers and Federal Labor Union</i> at Camden, N. J. 373 hourly Effective 10-16-57. Contract expired New contract: 2 years	10¢ per hour general increase (6.2% average) Chemical Workers; 5.38% general increase (10¢ per hour average) to FLU Deferred increases: To Chemical Workers— 8½¢ per hour 10-16-58. To FLU—2.55% (5¢ per hour av.) 10-16-58, and 2.49% (5¢ per hour av.) 4-16-59	Revised: Basic medical plan and vacation pay
Wallace & Tiernan with <i>Employees' Union of Northern New Jersey (ind.)</i> at Belleville, N. J. 850 hourly Effective 9-12-57. Contract expired New contract: 2 years	12¢ per hour general increase Deferred increase: 6¢ per hour 9-8-58	Revised: Minor revisions in vacation and holi- day schedules and insurance program
Other Nondurable Manufacturing		
17 Detroit Milk Companies with <i>United Dairy Workers (RWDSU)</i> at Detroit, Mich. 2,800 hourly Effective 10-7-57. Contract expired New contract: 2 years	8¢ per hour general increase (3.29% average) Deferred increase: Cost of living adjustment 3-1-58 4¢ per hour general increase 10-1-58	Added: Basic medical plan Revised: Normal pension benefit
Hudson Pulp & Paper Co. with <i>Papermakers and Paperworkers</i> at Carteret, N. J. 120 hourly Effective 9-9-57. First contract Duration: 1 year	5¢ per hour general increase Deferred increase: 3¢ per hour 1-1-58	Revised: Normal pension benefit, life insurance, life insurance for retired, vacation and holiday pay, paid jury duty and funeral leave
Massachusetts Leather Manufacturers Association with <i>Leather Workers</i> at Peabody, Salem and Danvers, Mass. 3,000 hourly Effective 9-1-57. Contract expired New contract: 2 years	6¢ per hour general increase (2.8% average)	Added: Normal pension benefit
Merchant's Ladies' Garment Assoc. with <i>ILGWU (Designers Guild)</i> at New York, N. Y. 1,200 salaried Effective 9-1-57. Contract expired New contract: 3 years	Not at issue	Revised: Normal pension benefit, disability pro- vision, major medical insurance and basic medical plan
Mundet Cork Corp. with <i>Rubber Workers</i> at North Bergen and Hillside, N. J. 750 hourly Effective 9-30-57. Contract expired New contract: 2 years. Reopening date 10-1-58 (wages only)	8¢ per hour general increase	Added: Holiday pay
U. S. Envelope Co. with <i>Papermakers and Paperworkers</i> at Worcester and Springfield, Mass.; Hartford, Conn.; Metuchen, N. J.; Indianapolis, Ind.; Waukegan, Ill. 2,454 hourly Effective 10-1-57 (signed 9-12-57). Contract expired New contract: 1 year	8¢ per hour general increase (4.44% average) Additional 2¢ per hour classification adjustments	Revised: Basic medical plan, life insurance, health insurance for retired, insured disability pay, vacation and holiday pay
Nonmanufacturing		
Bell Telephone Co. of Pa. with <i>Federation of Telephone Workers (ind.)</i> State- wide Pa. 2,915 salaried (accounting employees) Effective 10-20-57. Contract expired New contract: 15 months	7.1¢ per hour average increase (4.6%)	No change
General Telephone Co. of Wisconsin with <i>Communication Workers</i> at Madison, Wis. 1,087 hourly Effective 9-15-57. Contract expired New contract: 1 year	5.55¢ per hour average increase	Revised: Holiday and severance pay

Recent Significant Pay Settlements in the United States—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Kansas City Power & Light Co. with <i>IBEW</i> at Kansas City, Mo. 475 hourly; 625 salaried Effective 7-1-57 (signed 10-3-57). Wage re- opening Contract expires: 6-30-58	6% general increase (14¢ per hour average)	No change
Pacific Maritime Assn. with <i>Seafarers</i> on West Coast. 8,200 monthly Effective 10-1-57. Wage reopening Contract expires: 9-30-58	5%-6% increase (\$20 to \$37 per month)	Revised: Normal pension benefit
Pan American World Airways, Inc. with <i>Transport Workers</i> , Interstate. 7,200 hourly Effective 10-1-57. Contract expired New contract: 14 months	18¢ per hour general increase. Additional minor scale adjustments (8.5% average)	Added: Paid leave in event of death in imme- diate family Revised: Supplements to workmen's compensa- tion
Pan American World Airways, Inc. with <i>Transport Workers</i> , Interstate. 1,177 salaried in bargaining unit described above	\$31 per month general increase. Additional two six-month steps of \$10 per month each to top of scale (9.5% average)	No change
Pan American World Airways, Inc. with <i>Flight Engineers</i> , Interstate. 600 salaried Effective 11-1-57 (wages retroactive to 6-1-57). Contract expired New contract: 2½ years	10% average increase Deferred increase: 20% to flight engineers of jet aircraft 12-58	No change
Western Electric Co. (Installation Organization) with <i>Communication Workers</i> , Interstate. 23,000 hourly; 575 salaried Effective 9-20-57. Contract expired New contract: 2 years. Reopening date 9-20-58	10¢ per hour average increase to hourly; \$3 per week to salaried	Revised: Holiday pay
Western Electric Co. (Distribution Organiza- tion) with <i>Communication Workers</i> , Interstate. 10,064 hourly. Effective 9-16-57. Contract expired New contract: 2 years. Reopening date 9-15-58	10.2¢ per hour average increase	Revised: Holiday pay

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Recent Significant Pay Settlements in the United States—Continued

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Western Electric Co. (Distribution Organiza- tion) with <i>Communication Workers</i>, Interstate, 10,064 hourly. Effective 9-16-57. Contract expired New contract: 2 years. Reopening date 9-15-58	10.2¢ per hour average increase	Revised: Holiday pay

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